

White Paper

Is SAP a Barrier to Digital Transformation?



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1. Introduction

SAP (ECC & S/4HANA) is the ERP of choice for large and medium sized companies. But how effective and efficient are their implementations? Are companies maximising the benefits of the business-critical information stored within SAP?

With the desire of organisations to move towards further digital transformation, this white paper analyses critical functions of the Inbound Supply Chain (Source-to-Pay) and explores whether the advantages of SAP could be more fully realised through the use of add-on applications.

It challenges users to critically review their existing processes through internal assessments, potentially yielding eye-opening results.

2. Inefficiencies in Supply Chain Activities Cost Money

2.1 Complete and Accurate Master Data is Critical



Master data is core to the successful functioning of any company's operation. Invalid or incomplete master data can result in impaired and delayed decision making and even disrupt business operations.

For example:

Using an incorrect base and/or alternative unit of measure for a material (e.g., defining packaging foil in centimetres rather than metres) could impact the quantity in the purchase order, cost calculations, and the amount picked.

These errors are generally discovered but cause delays and waste time.

Users demotivated and frustrated by poor user interface

Although SAP master data is extremely comprehensive the outdated user interface is unstructured and confusing with the result that:

- Extra care needs to be taken when configuring the system
- Comprehensive SOPs (Standard Operating Procedures) need to be written and maintained in order to retain the know-how
- Professional training and support are required for new users

Missing and invalid field values, duplicate records, and materials not being applied to all organisational levels is commonplace. This problem is time consuming to validate and correct.

Bulk update functionality is also very restrictive meaning that corrections can be very time consuming to perform.

Mistakes cost time

Organisations should analyse whether there is scope for making the management process more productive and cost effective by asking themselves the following questions:

1. How long does it take to add a new material?
2. How much time is spent correcting errors and maintaining existing master data?
3. Are materials being defined according to company standards?
4. Is it easy to spot and resolve duplicates?
5. How many records are missing required field values?
6. Is there too great a reliance on undocumented operator knowledge?
7. How long does it take to train new users?
8. How much time is taken in supporting users?
9. How often is the business disrupted due to invalid master data and what is the estimated cost of this?

Accepting the status quo is irresponsible

There are highly productive turnkey add-on tools available in the marketplace so if these questions highlight productivity, financial and compliance concerns then it would be worth researching the options available.

2.2 Material Planning Should be Easier

Productive users are happy users

SAP resource and capacity planning functionality is well proven, powerful, and comprehensive.



However, the User Experience (UX) is confusing and non-intuitive; making it impossible for organisations to extract maximum benefit from applying it.

The poor user interface (mainly list based) is ideal for identifying why an issue occurred but poor at highlighting potential issues in advance.

Functionality is spread across many transactions (menu options) and requires a trained logistics expert to use and interpret the plan created by SAP. This can be a big issue given the critical nature of the process and the fact that it is relevant to so many roles within the business.

The use of Excel adds time and risk

Due to the complexities of SAP planning (S&OP and Demand Management), many companies opt to use Excel and manually input their forecast requirements into SAP. This process is time-consuming, underutilises the robust SAP planning functionality, and introduces risks into the process.

It also acts as a barrier to an organisations digital transformation effort thereby preventing improvements in business efficiency.

Expired material wastes money

A critical requirement in certain manufacturing industries, such as food and pharmaceuticals, is to ensure the consumption of materials before their expiry date, following the 'First Expiry First Out' (FEFO) principle. Failure to do so can lead to costly material wastage. Standard SAP does not adequately highlight the consequences of expired materials in its planning process, nor does it effectively address the cost implications of the plan.

Challenge your current implementation

In order to establish whether the material planning process can be improved, the following questions should be considered:

1. Is the planning activity restricted to highly skilled resources?
2. Can the plan be interpreted by all stakeholders?
3. Is Excel being used to produce the material plan? if so, how much time is spent manually entering the results into SAP?
4. How effective is the planning process? Are mistakes being made, and if so, how many and what is the cost?
5. Has material been under/overstocked and has there been wastage due to material passing its expiry date? If so, what is the cost?

It should be easy to access and analyse business critical data

The ability to execute comprehensive data analytics is critical to an organisation's ability to save money.

There are web and Fiori add-on applications that utilise the full functionality of SAP but display the results in a much more intuitive fashion, such as a time-based planning chart. All demand management functions, including the amendment of MRP master data and the creation of planned orders, can be performed within these applications.

2.3 Document Release Should be Timely and Error Free

Information at point of need saves time

With standard SAP the process of releasing a purchase document (purchase requisition, purchase order, contract etc.) requires users to access an option from the SAP desktop application that displays little additional information than the document itself.



Many user roles (e.g., production manager, warehouse manager etc.) must find time from their daily activities to review and release purchase documents.

If they wish to investigate the business requirement for the purchase (e.g., current stock levels, the budget status, the vendor delivery history, and the price) then they need the time and sufficient SAP expertise to locate the information.

This can cause a delay in the document release process with a potential negative impact on the business.

Ordering in a vacuum can generate excessive wastage

It is not surprising, then, that many purchase documents are released without adequate investigation into current business needs and potential benefits.

Purchasing without a clear understanding of delivery timescales, current stock levels, and production requirements can lead to costly mistakes.

Failing to act affects the bottom line

A critical appraisal of an organisation's SAP implementation should be conducted to determine whether SAP requires augmenting for the purchase document release process. This assessment can be facilitated by asking the following questions:

1. Are purchases taking place before a business need arises?
2. Are purchase documents thoroughly reviewed for factors such as price, quantity, and budget before release?
3. Is the current purchase lifecycle duration excessive?
4. How effective is the configured release strategy?
5. Is there adequate research conducted to identify suppliers offering the best price, quality, and delivery timescales?
6. Is there a need to add release strategies for document types not currently supported by SAP (e.g., Reservations, Budget Documents, Billing, Request for Payment, etc.)?"

Simple adjustments add considerable value

By addressing the answers to these questions, organisations are likely to develop a justification and a business case for enhancing the purchase release process.

Modern, user-friendly add-on applications are readily available, allowing users to research, review, and approve purchases from any web-enabled device.

The return on investment (ROI) from implementing these tools is expected to be rapid and low risk.

2.4 Make Procurement Tracking Work for all Users

Get it right and the whole organisation benefits



Inquiries about the procurement status are a daily occurrence, originating from various sources.

These inquiries may include a user needing to release a document, the production team requiring items urgently, or a supplier awaiting a purchase order or payment.

The range of inquiries is extensive and demands time for thorough investigation.

Access to information from any device should be the norm

Supervisors/managers time is disrupted in accessing an SAP terminal to determine the status of a purchase order, or more commonly the queries are escalated to the purchasing department who need to allocate staff time to respond to them. As a result, questions rarely get answered in real time and the process results in a reduction in productivity and in stakeholder frustration.

SAP contains all the information required to optimise the procurement lifecycle and identify bottlenecks, but without customisation, accessing it can be time-consuming.

Key performance indicators, such as average vendor delivery times, vendor price fluctuations, and the average time to release a purchase document, are critical for streamlining the process.

But do companies have easy access to this information?

When change will save

The organization should undertake a comprehensive process review of SAP source-to-pay (S2P) tracking, addressing the following questions:

1. How much time do supervisors and managers spend on checking purchase statuses or responding to stakeholder inquiries?
2. To what extent does responding to internal and vendor queries disrupt the operations of the purchasing department?
3. Are there delays in processing purchase documents, and can we identify the bottlenecks causing these delays?
4. How long does it typically take to respond to purchase queries, and is this leading to stakeholder frustration?
5. Is it straightforward to identify vendors with the best and worst delivery performance?
6. What would be the potential impact of allowing vendors to query purchase document statuses online through a third-party application?

The return on investment could be significant

Comprehensive answers to these questions are likely to provide justification for improving the current methodology.

SAP add-on applications are readily available, specifically designed to offer comprehensive procurement tracking functionality from Source-to-Pay, including KPI capabilities.

Additionally, tools are available for vendors to check the status of purchase documents and interact with clients through a web application, leading to significant enhancements in user satisfaction and productivity.

2.5 Timely Material Management Avoids Wastage

Remove risk from multiple process touch points

Whether utilising SAP IM (Inventory Management), WM (Warehouse Management), or EWM (Extended Warehouse Management), material movements such as goods receipt, internal transfers, and goods issue always occur.



If these movements are documented directly at an SAP terminal, there is a dependence on timely and accurate data entry, thereby posing the risk of transcription errors.

Often, the person recording the movement is not the same user who executed the action, which can raise concerns about best practices and traceability issues.

Errors propagate through the process

If material movements are recorded using handheld devices, real-time stock accuracy should be achievable; although, the confusing user interface may lead to user errors or operators bypassing the electronic system altogether.

Transferring materials outside the scope of SAP, such as moving them from the warehouse to a staging area, can raise traceability issues and lead to inaccuracies in batch/lot-level quantity records.

Another concern with handheld scanners is that SAP cannot confirm whether the logged-on user actually executed the movement, and there is no concrete evidence that the correct material was moved.

Inaccurate stock control has a significant impact on decision-making across various roles within a company, ranging from purchasing and planning to production, sales, and finance, and can prove to be very costly to the business.

If you don't know what you don't know!

Organisations should critically analyse the effectiveness of their existing material management process by considering the following questions:

1. Can we rely on our stock records?
2. Is stock updated in real time?
3. Have there been errors in material movement, such as incorrect quantities or undocumented movements?
4. How much support is needed to resolve issues?
5. Is it challenging to identify the source of errors?
6. Are training costs considered to be too high?
7. Is the cost of ownership excessive

Comprehensive answers to these questions are likely to reveal concerns related to productivity, financial aspects, or compliance, emphasising the need for improvement.

There are cost effective solutions

Modern web and Fiori fully integrated SAP applications, compatible with mobile devices, including smartphones, offer comprehensive functionality, including electronic signature support and photographic evidence capabilities.

Implementing these solutions can eliminate common errors and avoidance strategies employed by existing SAP users, resulting in significant cost savings.

3. Summary

SAP is a powerful ERP system that, through configuration and customisation, can offer a robust framework for meeting a wide range of business requirements.

However, the outdated user interface and the complexity of use often make many functions difficult and frustrating for users to apply.

This acts as a deterrent to an organisations ability to implement the digital transformation necessary to improve business efficiency.

As a result, the rich functionality of SAP is often underutilised, preventing organisations from extracting maximum value from their SAP installations.

Every operational function should undergo analysis to determine whether SAP is providing the necessary information for effective business operations.

In many cases, rigorous analysis may lead to the conclusion that the organisation could benefit from process improvements outside the scope of standard SAP.

Add-on applications are a highly cost-effective way of meeting this need offering advantages to both the business and its users.

These benefits encompass:

- Ease of use
- Improved productivity
- Cost savings (including reduced project costs)
- Enhanced data integrity
- Low cost of ownership
- The full enablement of digital transformation goals

The outcome is that an organisation can maximise the value derived from its SAP implementation.

4. References

Access other white papers available from Asaptek



White Papers

Discussion papers demonstrating how the use of web/Fiori add-on applications enhances user productivity and enables companies to maximise their ROI from SAP

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5. Glossary

Term	Definition
EWM	Extended Warehouse Management
FEFO	First Expiry First Out
Fiori	A user experience (UX) standard for SAP ECC & S/4HANA web software
IM	Inventory Management
MRP	Material Requirements Planning
ROI	Return on Investment
S&OP	Sales and Operations Planning
S2P	Source-to-Pay
SOP	Standard Operating Procedure
UX	User Experience
WM	Warehouse Management

6. About

The Author	John Roberts is the Technical Director of Asaptek Ltd, with over 25 years of expertise assisting manufacturers worldwide in optimising their business processes, reducing costs, and ensuring regulatory compliance. Throughout his career, John has actively contributed to SAP project teams for leading multinational corporations, offering insights into common challenges they face.
Asaptek	Asaptek specialises in providing SAP web/Fiori source-to-pay (S2P) applications, designed to enhance productivity, and provide flexible access to critical business information. Trusted by companies worldwide, Asaptek is the preferred solution for optimising inbound supply chain management and achieving operational excellence. Launched in 2016, the product suite quickly gained popularity and is now used by hundreds of companies in North and South America, as well as Europe.
	

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