

Industry Overview



SAP® FOR WHOLESALE DISTRIBUTION

THE BEST-RUN BUSINESSES RUN SAP™



DESIGNED FOR YOUR INDUSTRY. SCALED TO YOUR BUSINESS. READY FOR YOUR FUTURE.

SAP for Wholesale Distribution is a set of state-of-the-art software solutions for midsize and large wholesale distribution businesses worldwide. With SAP for Wholesale Distribution, companies can improve their operational excellence and profitability while supporting innovative business models and customer services.

The solutions include SAP® core enterprise software combined with industry-specific applications that support fundamental business requirements, helping organizations solve real-time business issues and adapt to an ever-changing business and IT environment. The modular design of SAP for Wholesale Distribution enables a customer to decide on an initial solution scope to meet the current requirements – and then incrementally add solutions or new applications at any time as needs change and grow.

SAP for Wholesale Distribution is powered by the SAP NetWeaver™ platform, an extensive integration and application platform that lays the foundation for innovative, cross-functional business processes. This powerful combination of software and platform enables organizations to sense and respond to market changes, thereby continuously aligning operations with market demand to reduce costs and increase revenue opportunities.

COMPETITION, CUSTOMERS, AND CHANGE

Faced with shrinking margins, cost-cutting pressures, and the emergence of new players such as logistics service providers, many wholesalers are changing their business models. By offering customized value-added services, they can tap new revenue sources, distinguish themselves from the competition, and improve customer loyalty. To reduce costs, they are identifying core business processes and uncovering outsourcing potential.

Staying ahead in the wholesale distribution industry requires increased efficiency and agility – on many fronts. SAP for Wholesale Distribution can help you tackle a variety of challenges, enabling you to meet strategic goals, drive profitability, and stimulate innovation and growth while containing costs and maintaining operational control. The SAP® set of solutions supports the reduction in cost of goods by optimizing order management and taking advantage of investment buying. You have a better view of profitability, giving you an advantage in negotiations with suppliers. The solutions offer you new ways to increase revenues – by reducing days sales outstanding and deductions, pushing through appropriate price increases, and reducing chargebacks and rebates outstanding. SAP for Wholesale Distribution helps you to decrease operating expenses by improving the efficiency of accounting and controlling, increasing personnel productivity, and improving materials management.

SAP for Wholesale Distribution is a comprehensive, integrated set of solutions that gives both large and midsize companies the industry-specific tools and capabilities they need to improve operations and profitability, enable innovative business models, and provide customers with a range of value-added services. In addition, SAP's partners offer a variety of packaged solutions, based on SAP best practices for the wholesale distribution industry, that provide additional applications at a predefined scope and a rapid implementation time.

With more than 1,000 wholesale distribution customers and 30 years of proven performance and results, SAP has earned the position of a trusted advisor and valued partner.



OPTIMIZE BUSINESS PROCESSES – INCREASE PROFITABILITY

SAP for Wholesale Distribution supports a full range of industry processes – from purchase order and inventory management to supplier-managed inventory and chargebacks. The set of solutions integrates marketing, logistics, and financial management capabilities to support innovation and new services that meet the needs of your customers – and your business. And it provides sophisticated tools that let you easily analyze operations and profitability to drive responsiveness and improvement – internally and across your supply chain network.

SAP for Wholesale Distribution helps companies achieve a range of business benefits, such as improved service levels, reduced capital investment in stock across the supply chain, lowered cost of goods sold, streamlined operations, and decreased overhead costs – among many others.

Overall, companies can gain the following benefits from SAP for Wholesale Distribution:

- **Optimized logistics processes.** Distributors can bundle orders for optimized, cost-effective delivery. Inventory optimization helps you achieve the best possible use of storage capacity, which significantly improves efficiency.
- **Improved profitability.** SAP for Wholesale Distribution enables you to offer value-added marketing and sales services, such as professional Internet sales, call center management, customer information management, and repackaging according to customer specifications. You can also provide innovative services such as direct sales from trucks, direct store delivery, and supplier-managed inventory.



- **Enhanced cost recovery.** You can handle the chargeback process for reimbursements based on special agreements between manufacturers and customers. The software handles data capture, subsequent invoicing, and control of chargeback agreements. In addition, capabilities for managing and tracking incentives help you forge optimal financial agreements with suppliers.
- **Reduced financial and transactional costs.** You can offer your business partners financial services such as centralized invoicing and factoring. You can use the software for extended incentives settlement and Web-based complaint administration for agency receipts – significantly reducing financial and transactional costs.
- **Improved decision making.** By allocating costs based on information in the vendor billing document, the software makes costs more visible and allows you to more accurately evaluate profitability. Sophisticated business intelligence tools provide deeper insight into business processes, helping you make sound business decisions.

SAP® FOR WHOLESALE DISTRIBUTION SUPPORTS THE FOLLOWING BUSINESS PROCESSES:

- **Strategic planning** involves long-term supply chain design, marketing planning, and sales and service planning. To offset low product margins, you can develop value-added, fee-based services.
- **Supply chain planning** includes demand and supply planning with collaborative forecasting and inventory optimization to help you improve service levels and reduce capital investments. You can use forecasts from planning to streamline transportation planning with optimized carrier selection.
- **Procure-to-pay management** helps you manage strategic as well as operational relationships with suppliers, including strategic sourcing, purchasing, supplier collaboration, supplier agreement monitoring, and cost recovery.
- **Supply chain execution** includes inbound and outbound logistics, warehouse and inventory management, compliance, and foreign-trade management, enabling customs handling, compliance with regulations, and accommodating various trading practices.
- **Order-to-cash management** helps you manage and maintain customer relationships, process orders using a variety of marketing channels, collaborate with customers to manage inventory, and manage billing and collection activities.
- **Value-added services** include general business services, logistics services, and financial services that help counteract margin pressure and improve overall customer satisfaction.

INTEGRATE TODAY – BE PREPARED FOR TOMORROW



Because SAP for Wholesale Distribution gives you an integrated, comprehensive set of industry-specific solutions, it minimizes the need for customization typically found with fragmented solutions – which simplifies ongoing maintenance and integration and keeps the overall total cost of ownership low. It lets you keep up with an evolving industry by giving you the flexibility to add functions and capabilities as your business needs them. For example, you can implement portions of SAP for Wholesale Distribution to meet today's most pressing business requirements, and then quickly and easily add applications for Internet sales, customer interaction centers, or strategic sourcing. And to ensure that you have the full range of tools you need, SAP works closely with more than 40 partners to provide integrated solutions and services designed specifically for the wholesale distribution industry.

SAP for Wholesale Distribution is built on the SAP NetWeaver™ platform, which provides a solid foundation for cross-functional business processes. SAP NetWeaver lets you integrate users, information, and business processes; link SAP and non-SAP systems; and collaborate with partners and customers – easily and cost-effectively. The SAP NetWeaver platform also provides the scalability and flexibility to support new business models and strategies and implement innovative processes based on technologies such as radio frequency identification (RFID), master data management, and comprehensive business intelligence.

GET STARTED . . .

SAP for Wholesale Distribution gives you a comprehensive set of solutions that enable you to improve operations and profitability – while adapting to a changing and challenging industry.

To learn more about how SAP for Wholesale Distribution can help your company, visit www.sap.com/wholesale

CAPABILITY	BENEFIT
Strategic planning	<ul style="list-style-type: none"> ■ Optimize the entire distribution network, taking demand and costs into account ■ Collaborate with business partners to plan for categories of products ■ Simulate and assess possible changes in supply chain design
Supply chain planning	<ul style="list-style-type: none"> ■ Improve service levels while reducing stock and lowering capital investment across supply chain networks ■ Improve quality of forecasts ■ Optimize transportation capacities to reduce costs and increase customer retention
Procure-to-pay management	<ul style="list-style-type: none"> ■ Bundle purchases to maximize purchasing power and improve profit margins ■ Manage contractual agreements to optimize quantities ordered and reduce costs of goods sold ■ Time orders to take advantage of price changes and limited offers from suppliers
Supply chain execution	<ul style="list-style-type: none"> ■ Manage and allocate warehouse tasks to avoid resource bottlenecks ■ Support direct store delivery ■ Ensure compliance with regulations ■ Support a variety of trading practices
Order-to-cash management	<ul style="list-style-type: none"> ■ Streamline processes to improve customer satisfaction and reduce costs ■ Optimize processing of back-to-back orders, and act as a broker of products and services ■ Support direct price agreements between suppliers and customers, and the subsequent settlement of price differences
Value-added services support	<ul style="list-style-type: none"> ■ Pursue new revenue opportunities ■ Improve customer satisfaction and retention ■ Enable third-party interactions, such as pooled payment or central billing
Enterprise management	<ul style="list-style-type: none"> ■ Manage general and industry-specific processes in finance, human capital, operations support, and corporate services ■ Develop insight and visibility with business intelligence and analytics capabilities
Integration of information, people, and processes	<ul style="list-style-type: none"> ■ Operate with a uniform technical architecture and solution platform ■ Create a flexible IT infrastructure encompassing SAP and non-SAP systems ■ Leverage existing IT infrastructure and reduce total cost of ownership (TCO)

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