BEST PRACTICES FOR ACCELERATING SAP® PRODUCT LAUNCHES

Why large manufacturers must accelerate their SAP product launches and best practices for getting it done.

WINSHUTTLE®

WHO'S THIS FOR AND WHY SHOULD YOU READ IT?

If you work for a large manufacturer that uses SAP ERP and want to streamline your product launch processes, this eBook is for you. Learn why increasing the speed and scale of your product launches is imperative and gain insight on how to make that happen, while improving the quality of data going into your SAP ERP system.

Whether you're a product manager, or supply chain or master data professional, you'll discover best practices you can use to improve the way you do product launches—helping you accelerate revenue, reduce costs, and stay ahead of an increasingly competitive landscape.

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WHAT IS NPI?

In this eBook, we define New Product Introduction (NPI) as the process that starts when you decide to take a product to market—that could be any product variant, not just innovative new products. This might include product line or geographic extensions, ingredient changes, packaging changes, etc.

NPI (sometimes referred to as commercialization) is all about collecting and entering the data into SAP that your supply chain or operations team needs to make and distribute the product and meet launch dates.

Managing critical tasks like sourcing new materials, or getting new artwork designed is also part of the NPI process.

GO

LAUNCH

NEW PRODUCT INTRODUCTION

NEW PRODUCT DEVELOPMENT

PROCESS

DATA

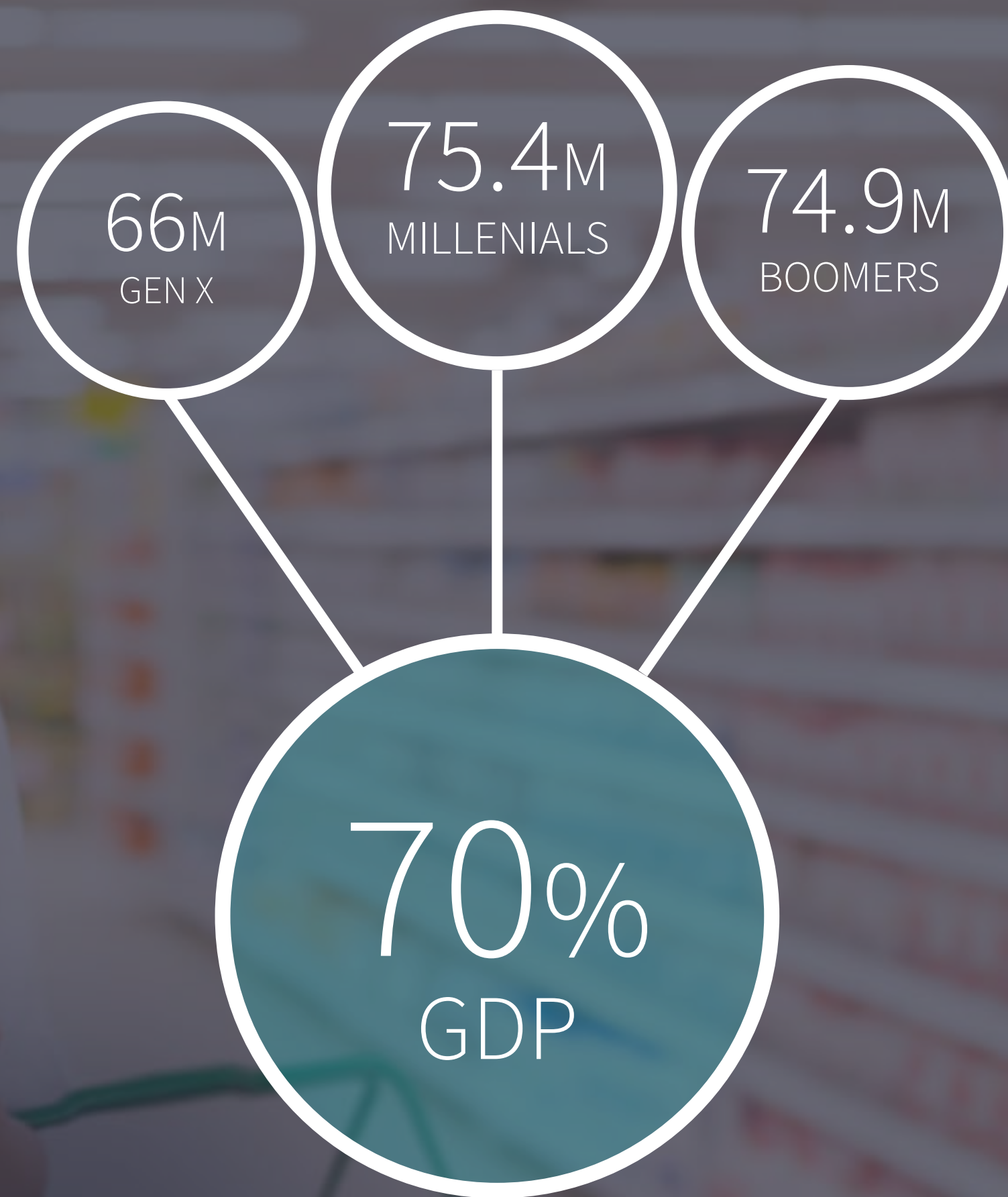CRITICAL TASKS

OPERATIONS/ SUPPLY CHAIN

WHY GETTING PRODUCTS TO MARKET FASTER IS CRITICAL FOR LARGE MANUFACTURERS

Before we get into the best practices for accelerating your SAP product launch processes, let's examine the factors driving the urgent need for speed and scale.

66M
GEN X

75.4M
MILLENIALS

74.9M
BOOMERS

70%
GDP

Pew Research Center based on
US Census data, 2014, 2015

CONSUMER BEHAVIOR IS DRIVING PRODUCT PROLIFERATION

In the U.S., millennials have surpassed baby boomers as the dominant demographic segment, and they've made it clear their needs are very different from their parents'.

Millennials are demanding healthier ingredients, new ways to shop, and more information on what's in the product and who's behind the brand—and they're voting with their dollars. All this translates into a lot more product launches.
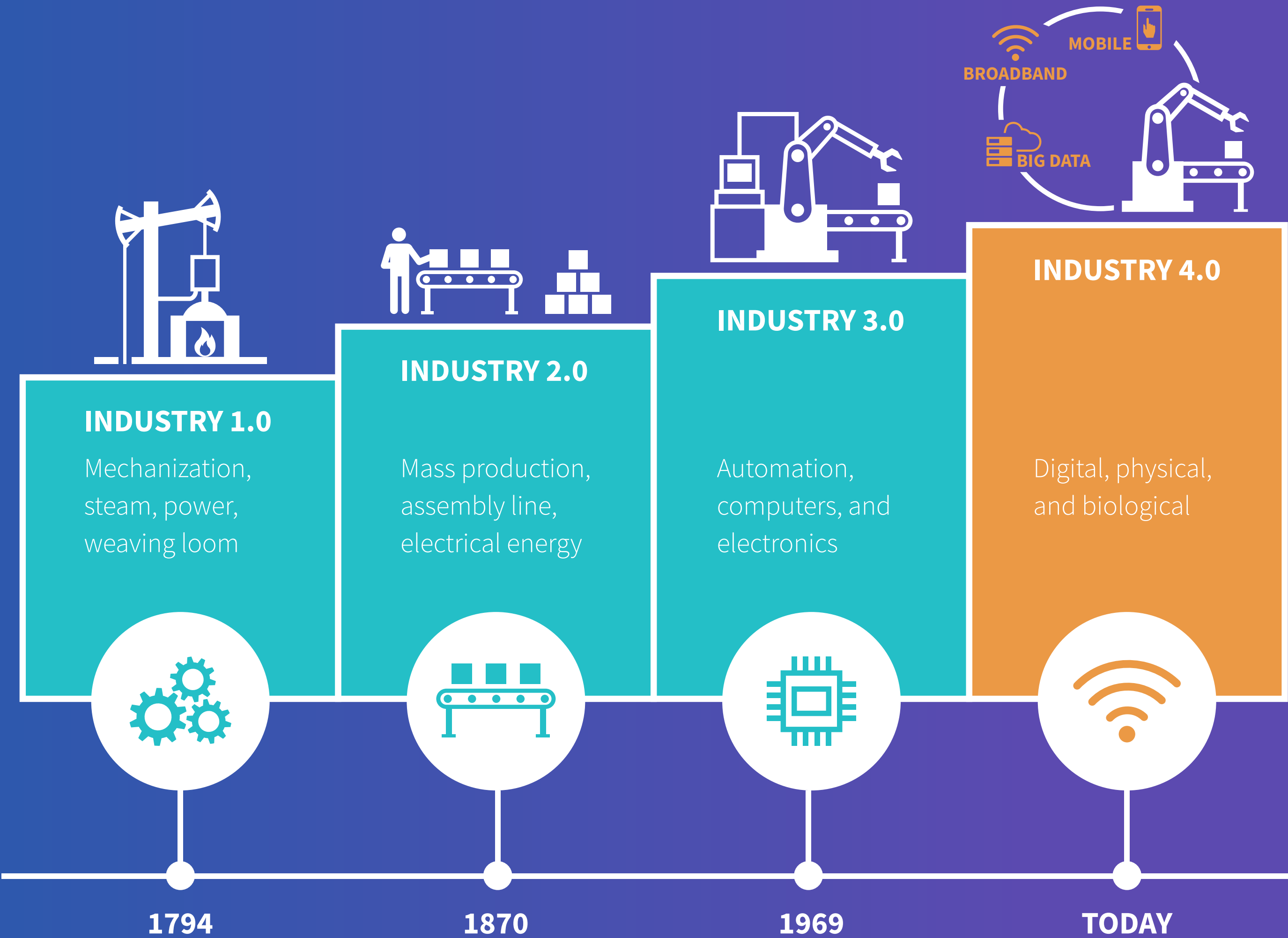
TECHNOLOGICAL INNOVATION IS ENABLING DISRUPTIVE NEW BUSINESS MODELS

Experts agree that we're at the start of the fourth industrial revolution—one that brings together physical, digital, and biological systems—and will change product design, manufacturing, and distribution in ways we haven't even imagined.

These technological advances along with ubiquitous broadband, mobile, and big data analytics are opening the doors for disruptive new business models where manufacturers can leapfrog over intermediaries and go directly to consumers.

In this brave new world, speed and agility are vital to survival.

MOBILE
BROADBAND
BIG DATA

INDUSTRY 1.0

Mechanization, steam, power, weaving loom

INDUSTRY 2.0

Mass production, assembly line, electrical energy

INDUSTRY 3.0

Automation, computers, and electronics

INDUSTRY 4.0

Digital, physical, and biological

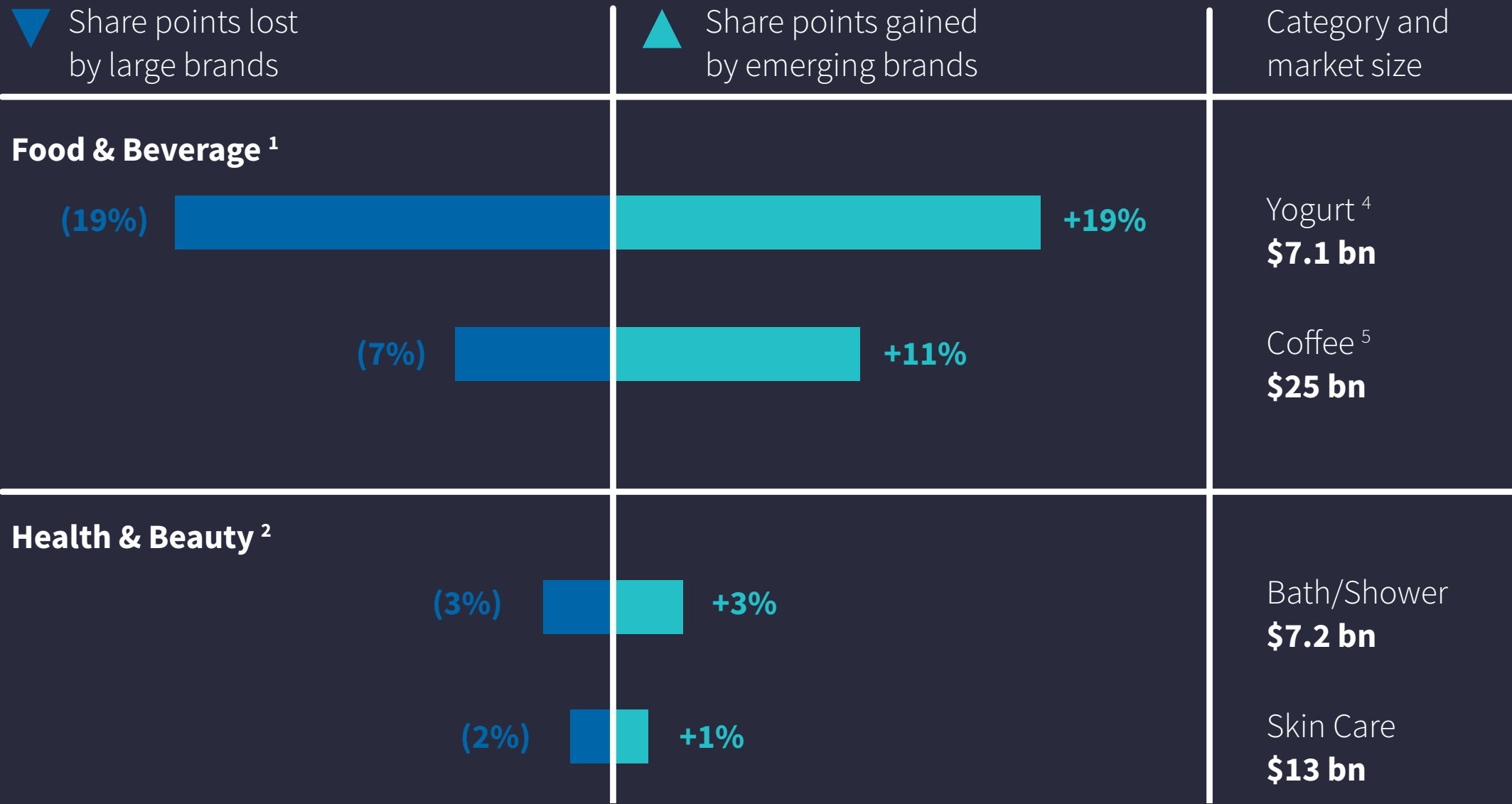1794   1870   1969   TODAY

SMALL, AGILE BRANDS ARE GRABBING MARKET SHARE

Statistics show that small, agile players with authentic brands and disruptive business models are making huge market gains—and they're doing it at the expensive of large established brands.

But seismic changes in the consumer goods sector are having a big ripple effect across the entire industrial supply chain as upstream manufacturers pivot and innovate to produce the new ingredients, raw materials, and components that fuel the consumer economy.

" The 20 largest consumer packaged goods companies last year had flat sales while smaller ones posted sales growth of 2.4%, according to Nielsen.

Wall Street Journal, April 2017

▼ Share points lost by large brands   ▲ Share points gained by emerging brands   Category and market size

Food & Beverage [1]

(19%)	+19%	Yogurt [4] **$7.1 bn**
(7%)	+11%	Coffee [5] **$25 bn**

Health & Beauty [2]

(3%)	+3%	Bath/Shower **$7.2 bn**
(2%)	+1%	Skin Care **$13 bn**

▼ **$18** BILLION
in market share shifted away from large CPG companies to smaller players during 2011-2015

▼ **$7.5** BILLION
in market share was gained by the very small emerging brands during 2011-2015

Consumer & Retail Deal Volume and Value

2015   **2016**

Deal Value ($ in Billions)

$90.0
$80.0
$70.0
$60.0
$50.0
$40.0
$30.0
$20.0
$10.0
$0.0

Number of Deals

400
350
300
250
200
150
100
50
0

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Deals	302	299	270	262	301	336	346	360
Value	$69.8	$36.5	$62.3	$83.0	$24.1	$21.2	$36.2	$30.4
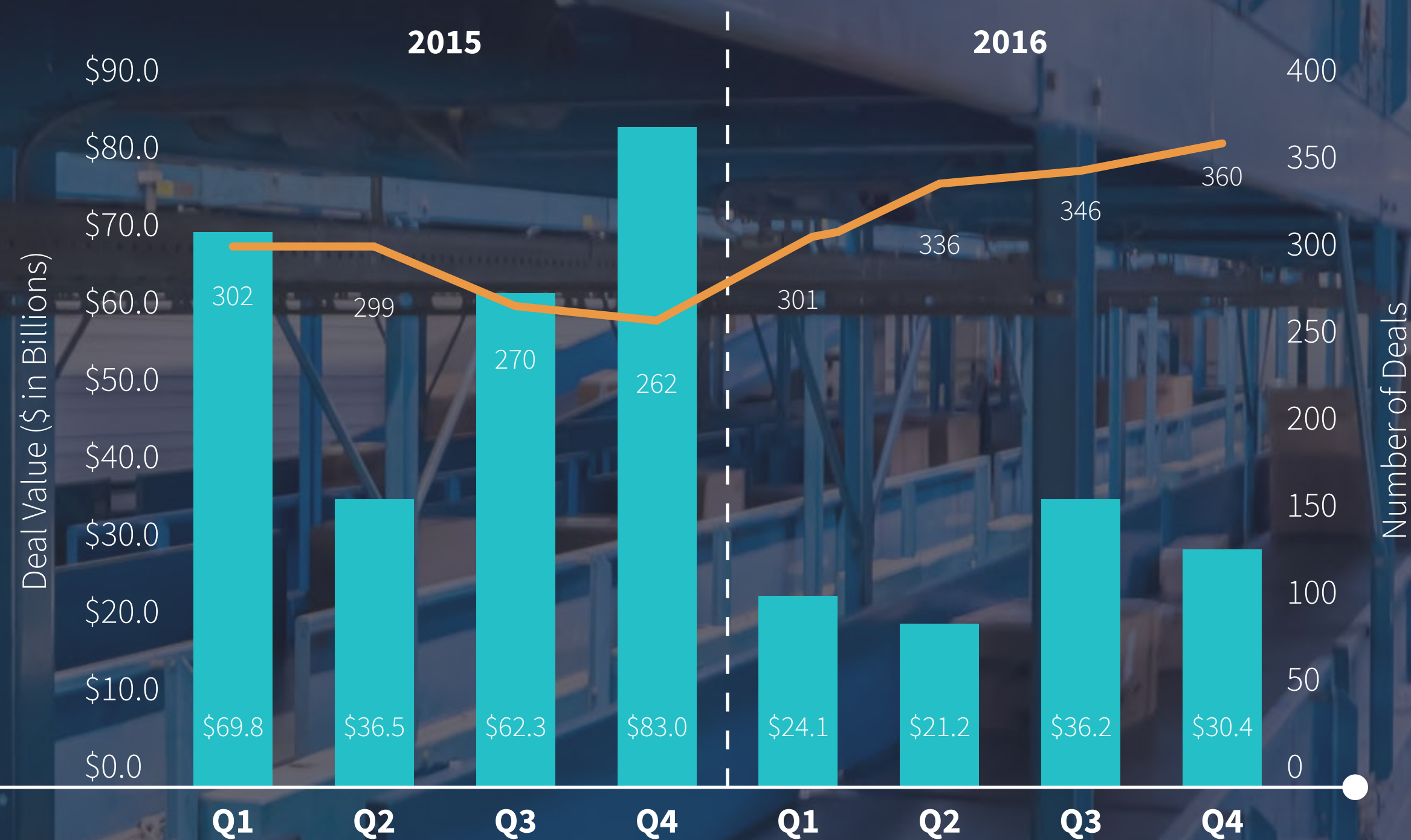
Source: PwC and Thomson Reuters

IF YOU CAN'T BEAT THEM, BUY THEM

The inability to compete with small, agile brands is driving an increasing number of acquisitions in the consumer and retail sectors, according to PwC and Thomson Reuters. But buying a new company comes with its own set of challenges.

It's not easy to bring the NPI process of the newly acquired firm in line with yours—especially if your process is manual or inflexible. But it's critical that you do this if you want the new product line you've acquired to take advantage of your global manufacturing and distribution capabilities.

Large companies typically collect a lot more data during the launch process, some of which is needed to comply with external regulatory bodies or internal policies and procedures.

> " Over the last five years, the top 25 food companies in the U.S. lost $18 billion in market share, and 46% of the growth that has happened in the industry came from small and mid-sized businesses.

**Danielle Gould, Founder and CEO
Food+Tech Connect**

CEO CONCERNS   **KPMG U.S. CEO Outlook 2016**

The loyalty of our customers — **90%**

How the wants and needs of millennials will change the business — **86%**

The relevance of our products/services three years from now — **78%**

Keeping up with customers' needs and expectations — **53%**

CEOs FROM LARGE MANUFACTURERS ARE WORRIED – FOR GOOD REASON

Big shifts in consumption patterns coupled with disruptive new business models and market entrants are giving CEOs from the largest manufacturing companies cause for concern.

While smaller companies may lack the resources, infrastructure, distribution networks, and deep pockets of large brands, they have a massive advantage—speed and organizational agility.

The first to market advantage coupled with the ability to give consumers and businesses exactly what they need when they need it are key factors in today's increasingly competitive landscape.

But what if large manufacturers could digitize and streamline their launch processes and become more agile? It will take a combination of resources, speed, and flexibility to ensure survival, and this eBook will help you get started.

SO, HOW MANY LARGE MANUFACTURERS NEED TO INCREASE LAUNCH SPEED, AND WHAT'S SLOWING THEM DOWN?

If you think your company is the only one with a mandate to accelerate launch speed—think again. In this section, you'll learn that increasing launch speed and scale is a priority for many large manufacturers and why typical launch processes take months and sometimes even years.

THE NEED FOR SPEED AND SCALE IS CLEAR

In the summer of 2017, Winshuttle surveyed 127 SAP product launch professionals and found that 75% of respondents are under pressure to get products to market and expect the volume of new product launches to increase over the next four years.

Our research is corroborated by many third parties that analyze the manufacturing sector.

Over the next four years, do you expect the number of new products (including all product variants) to:

∨

75%
Increase

21%
Stay the same

4%
Decrease

Is your company under pressure to reduce the time it takes to get products launched?
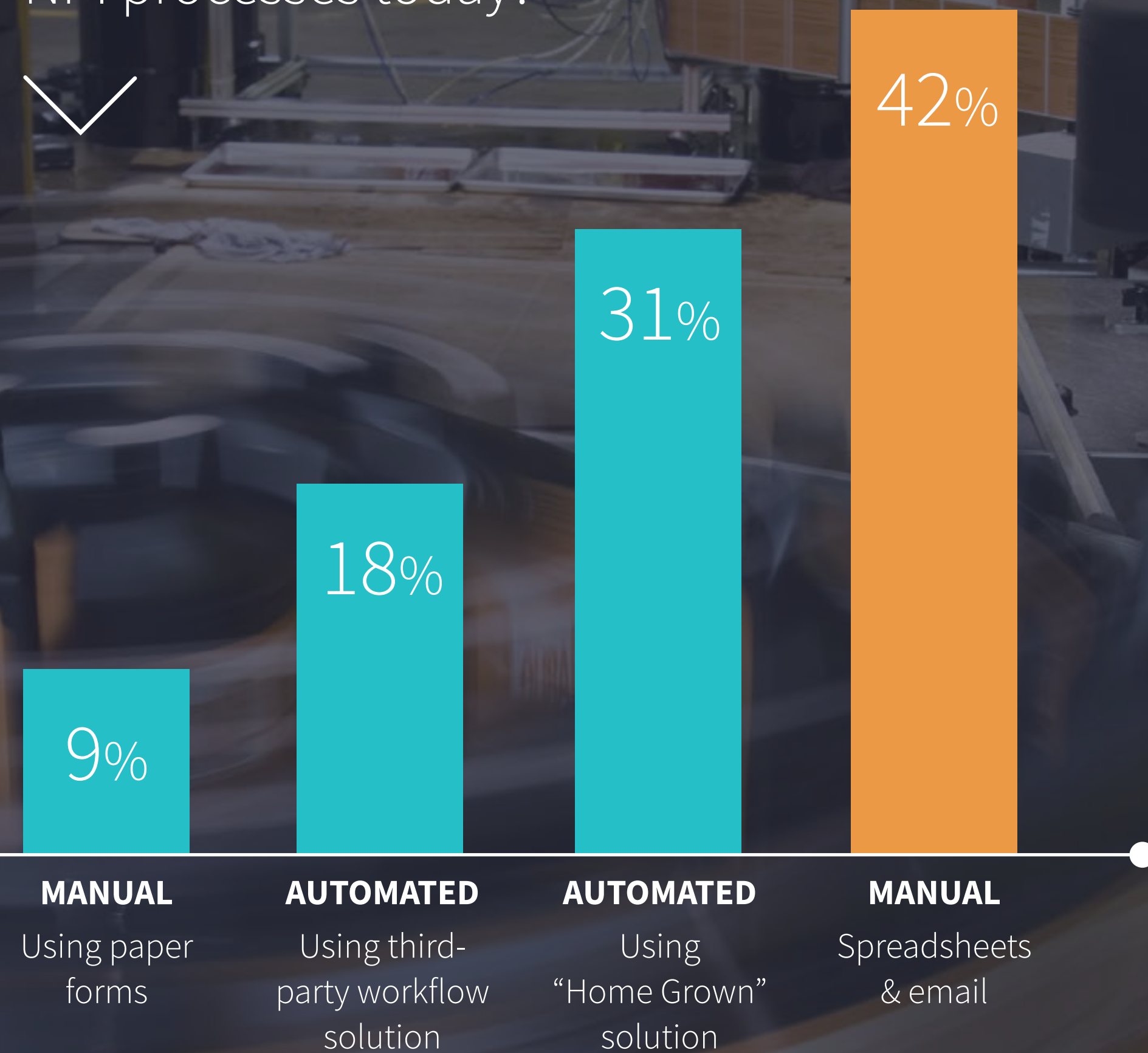
∨

75%
YES

" Given the disruptive forces at play, competing and achieving new growth will demand manufacturers to innovate new products and adapt business models at a faster pace and on a larger scale than ever before.

KPMG U.S. CEO Outlook 2016

Which of the following best describes how you manage your NPI processes today?

42% — MANUAL — Spreadsheets & email

31% — AUTOMATED — Using "Home Grown" solution

18% — AUTOMATED — Using third-party workflow solution

9% — MANUAL — Using paper forms

SO, WHAT'S SLOWING THINGS DOWN?

Our survey confirmed what we already suspected from our customer interactions in this space over the past two years—51% still have manual launch processes--mostly email and spreadsheets, but we also saw paper forms still being used.

Many of the processes that survey respondents automated were done using 'home-grown' tools, which are often time-consuming and expensive to change—if they can be changed at all.

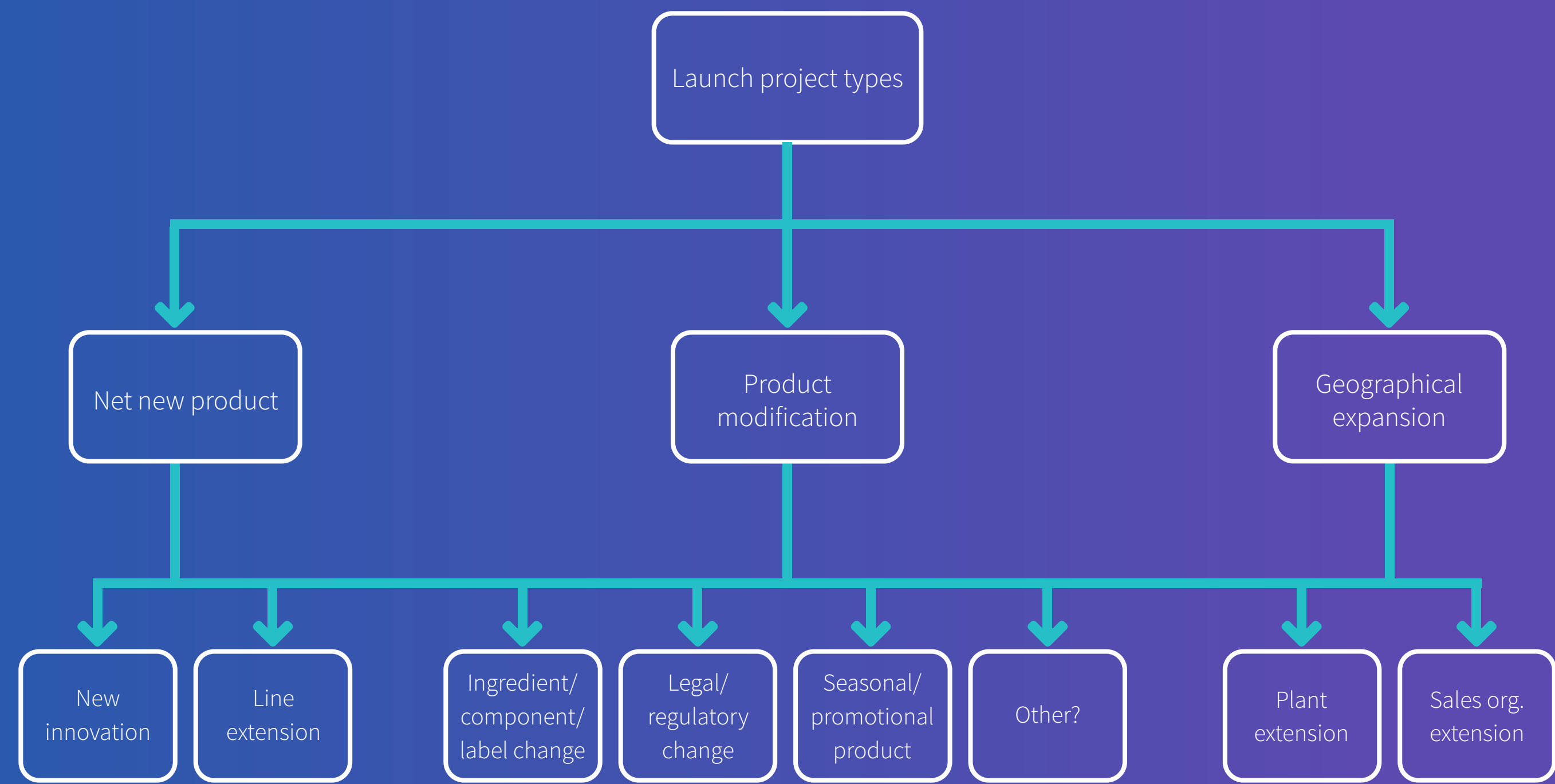# BEST PRACTICES FOR YOUR JOURNEY TO FASTER PRODUCT LAUNCHES

IT'S NOT JUST ONE PROCESS

The first step you need to take before embarking on your journey to digitized launches is to decide on which process to tackle first. As you can see in the diagram to the right, there are many different types of product launches, and while there may be process overlaps, some project types will require a discrete process.

Best practices

☑ **Get all your processes out on the table**—identify the different processes that will be required for launching new net products, packaging changes, line extensions, promotions, simple ingredient changes, etc.

☑ **Sort and analyze your processes**—prioritize which process to digitize first based on your business goals.

☑ **Start small with a pilot project**—select one product line or geography to work out the kinks rather than trying to 'boil the ocean' and digitize multiple discrete processes across the business.

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                          │  Launch project types │
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          ▼                          ▼                          ▼
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  │               │         │  modification   │         │   expansion     │
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IT'S ABOUT DIGITIZING THE RIGHT PROCESS

Once you've determined which launch process to digitize, it's important to take a step back and examine what you're doing today. As the quote from Bill Gates articulates, simply automating a sub-optimal process is a costly mistake.

Each company's journey to optimized, and digitized launch processes will be unique and depend on your level of maturity, both from an automation and organizational standpoint. Regardless of where you're starting, change management will be a critical success factor.

> "The first rule of any technology used in a business is that automation applied to an efficient operation will magnify the efficiency. The second is that automation applied to an inefficient operation will magnify the inefficiency.

Bill Gates

Need help starting your journey to optimized product launch processes?

Winshuttle often works with with manufacturers whose launch processes are very manual—using mostly emails and spreadsheets, but sometimes collecting data via PowerPoint files or paper forms.

The thought of transforming these manual processes can be overwhelming for some organizations, especially as the key players are often in 'headless chicken' mode struggling to keep pace with their launch workload. This is where Winshuttle can help.

Our NPI team is available to guide you through all phases of your digital transformation journey. We bring industry best practices and specialized SAP product launch knowledge to the table to help you design and implement the right digitized processes across your organization—processes that you can easily modify as your business changes.

Visit www.winshutte.com/npi to start the conversation with our team.

THREE ELEMENTS OF SUCCESSFUL BUSINESS TRANSFORMATION

Those of you who have been part of business transformation projects know that you must address three separate elements for your project to be successful—people, process, and technology.

In this section, we'll walk through each of these elements and review best practices to get you on the path to successful the transformation of your launch processes.

Process

People

Success

Technology
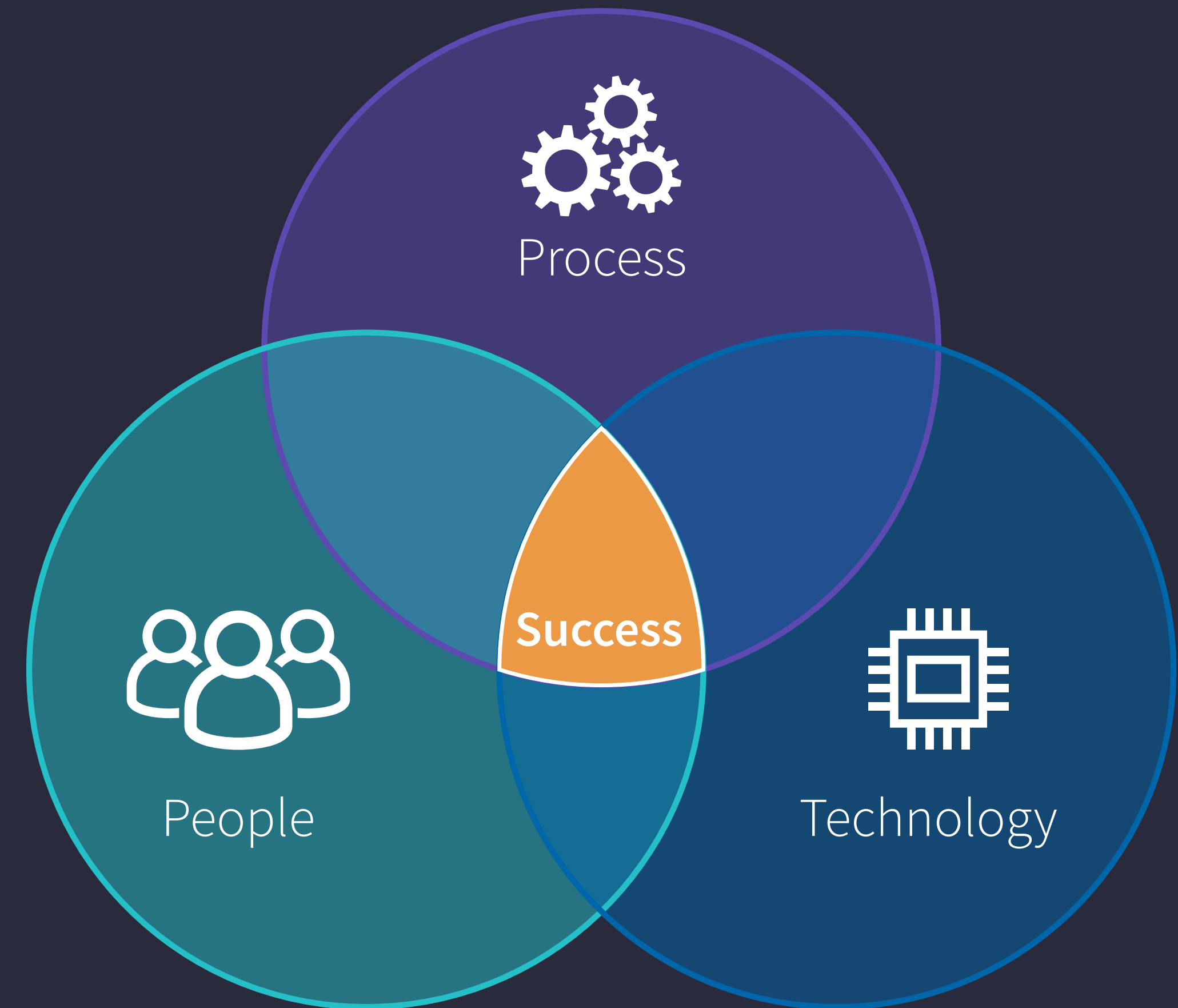
WRANGLING THE PEOPLE FOR YOUR TRANSFORMATION JOURNEY

Any SAP product launch process involves a lot of people from many different departments. That means your transformation project will need a strong transformation project leader to do the 'cat herding.'

It's essential that they get the right people around the table to plan your journey and define clear roles and responsibilities for your transformation project.

Best practices

- Assign one person to be the transformation project owner
- Get executive sponsorship
- Build a collaborative cross-functional transformation team
- Define clear roles and responsibilities
- Plan for change management

ROLE	DESCRIPTION	RESPONSIBILITIES
Transformation project owner	Aka "chief cat herder", may come from Line of Business (LOB), Master Data, or IT	• Head up the transformation project • Assemble the team • Keep the project on track • Communicate with executive sponsor
Executive sponsor	May come from LOB - brand, product, engineering, supply chain	• Communicate with senior LOB management • Secure funding • Provide overall direction and goals
Line of Business (LOB)	A representative from each effected LOB – product management, marketing, sales, accounting, quality, regulatory, production planning, purchasing, logistics, etc.	• Liaise with respective departments to communicate process needs, business requirements • Provide departmental priority and goals
Master data	A representative from your master data team.	• Liaise with LOB representatives to understand business requirements • Ensure overall data governance requirements
IT	A representative from your SAP IT team.	• Ensure security needs are met • Support system infrastructure • Ensure technology operability

These are the typical transformation team roles and responsibilities we recommend. We can work with you to determine the right players for your transformation team.

DEFINING ROLES AND RESPONSIBILITIES FOR YOUR OPERATIONAL LAUNCH TEAM

There are typically hundreds of data points that you collect as part of each NPI process, most of which will end up in SAP. A key part of your transformation process is to understand who needs to supply or approve these data points during the different phases of the launch.

The diagram to the right shows the roles and responsibilities of a typical product launch team in a digitized launch process.

Best practices

- ☑ Assign a project manager for each launch

- ☑ Agree upon SLAs with process participants in the planning process

- ☑ Define clear roles and responsibilities

- ☑ Plan for change management and training

ROLE	DESCRIPTION	RESPONSIBILITIES
Product Launch Project Manager	Aka "chief cat herder", may come from brand management, supply chain, or engineering.	• Initiate launch • Ensure that launch stays on track • Report on launch process
Product Directors	VP's or directors of brand management or product development	• Wants visibility into the process • Wants access to real-time information on product launches
Line of Business (LOB) Rep	Workflow participants - product management, marketing, sales, accounting, quality, regulatory, production planning, purchasing, logistics, etc.	• Supply or approve data according to agreed upon SLAs • Validate and post SAP data
Master Data Rep	Data governance enforcer & data reviewer	• Ensure data quality • Validate and post SAP data • Exception handling

Launching products is a cross-functional team sport. Although your process may not include all of these players, it's important to assign a project manager to help keep your launch on track.
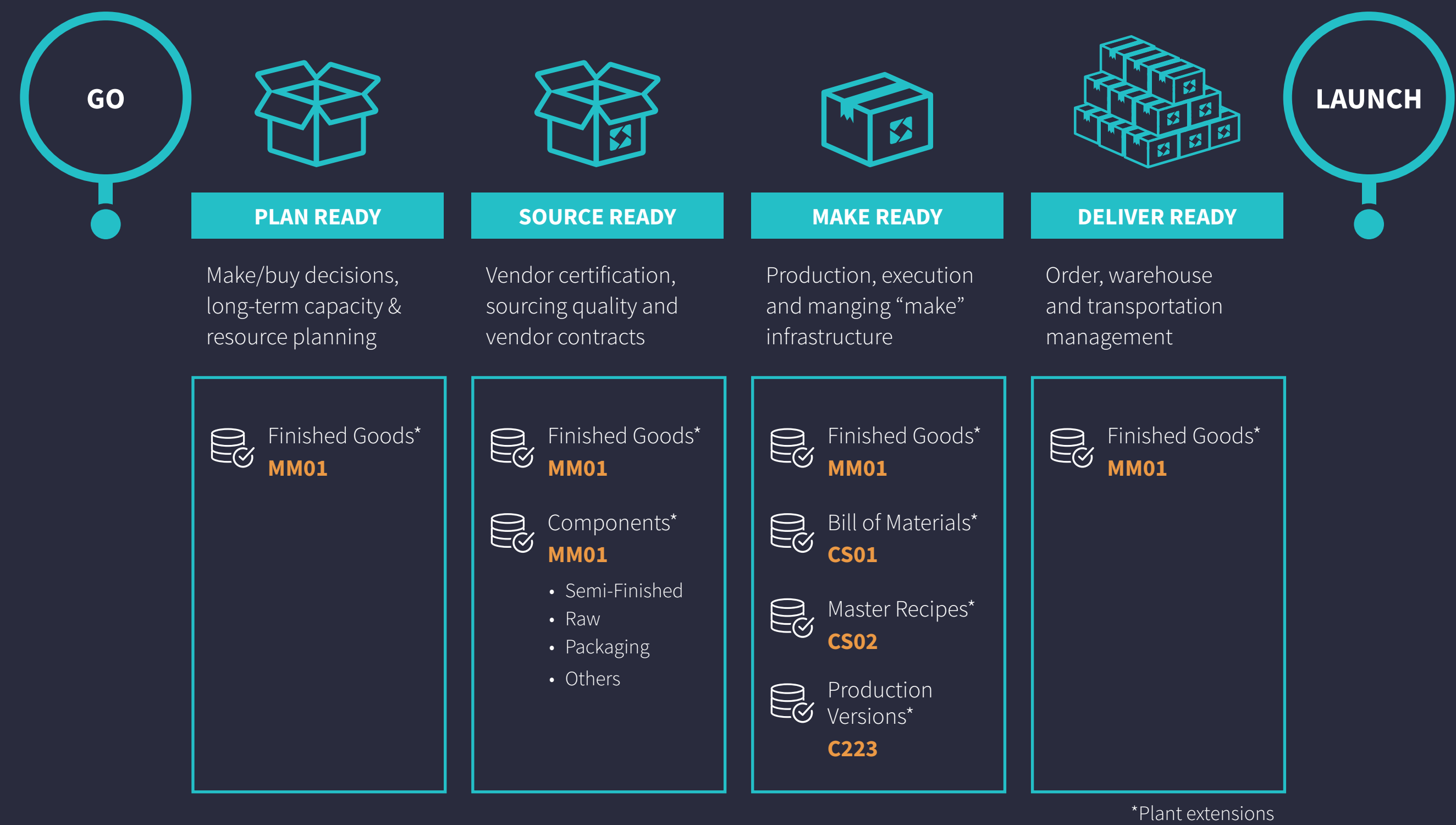
BUILDING AN OPTIMIZED PROCESS

Collecting all of the data your SAP system needs to manufacture en masse is a complex process involving many departments and SAP data objects (materials, BoMs, routings/recipes, production versions, etc.). And there are other tasks like artwork production that may not impact your SAP system but are critical to your launch processes.

APICS, a leading professional supply chain organization, recommends a stage-gate model for collecting your data. It's all about collecting the right information at the right time—streamlining the entire process and avoiding 'crunch time' as you approach your launch deadline.

Without this type of approach, long lead time items (such as sourcing new components or raw materials) can significantly lengthen your launch cycle time.

The diagram on the right is an example of how you might organize your data collection process based on the APICS SCOR model. This approach along with an efficient and digitized process can reduce launch cycles by 50% or more.

GO

PLAN READY

Make/buy decisions, long-term capacity & resource planning

Finished Goods*
MM01

SOURCE READY

Vendor certification, sourcing quality and vendor contracts

Finished Goods*
MM01

Components*
MM01
- Semi-Finished
- Raw
- Packaging
- Others

MAKE READY

Production, execution and manging "make" infrastructure

Finished Goods*
MM01

Bill of Materials*
CS01

Master Recipes*
CS02

Production Versions*
C223

DELIVER READY

Order, warehouse and transportation management

Finished Goods*
MM01

*Plant extensions

LAUNCH

Best practices

☑ Collect data in stages aligned with your production process, priorities, and timelines—as this will reduce launch cycle times

☑ Think about reporting ahead of time:
- What metadata will you need?
- How do you want to slice and dice the data?
- Who will need to be involved in the processes and what information do they need?
- What kind of reports does senior management want?

☑ Design for flexibility as things will change—for example--acquisitions, divestitures, geographic expansion, plant extensions, new markets, etc.

☑ Design for scale--as demand for new products is likely to increase

☑ Think about data quality up front—this will shorten cycle times and downstream errors

FINDING THE RIGHT ENABLING TECHNOLOGY

The third element of a successful business transformation project involves finding and deploying the right enabling technologies and companies to partner with on your journey to optimized and digitized launch processes.

To the right is an example of a digitized workflow built with Winshuttle's NPI solution based on the stage-gate model for data collection. We can work with you to create optimized launch processes that makes sense for your business.
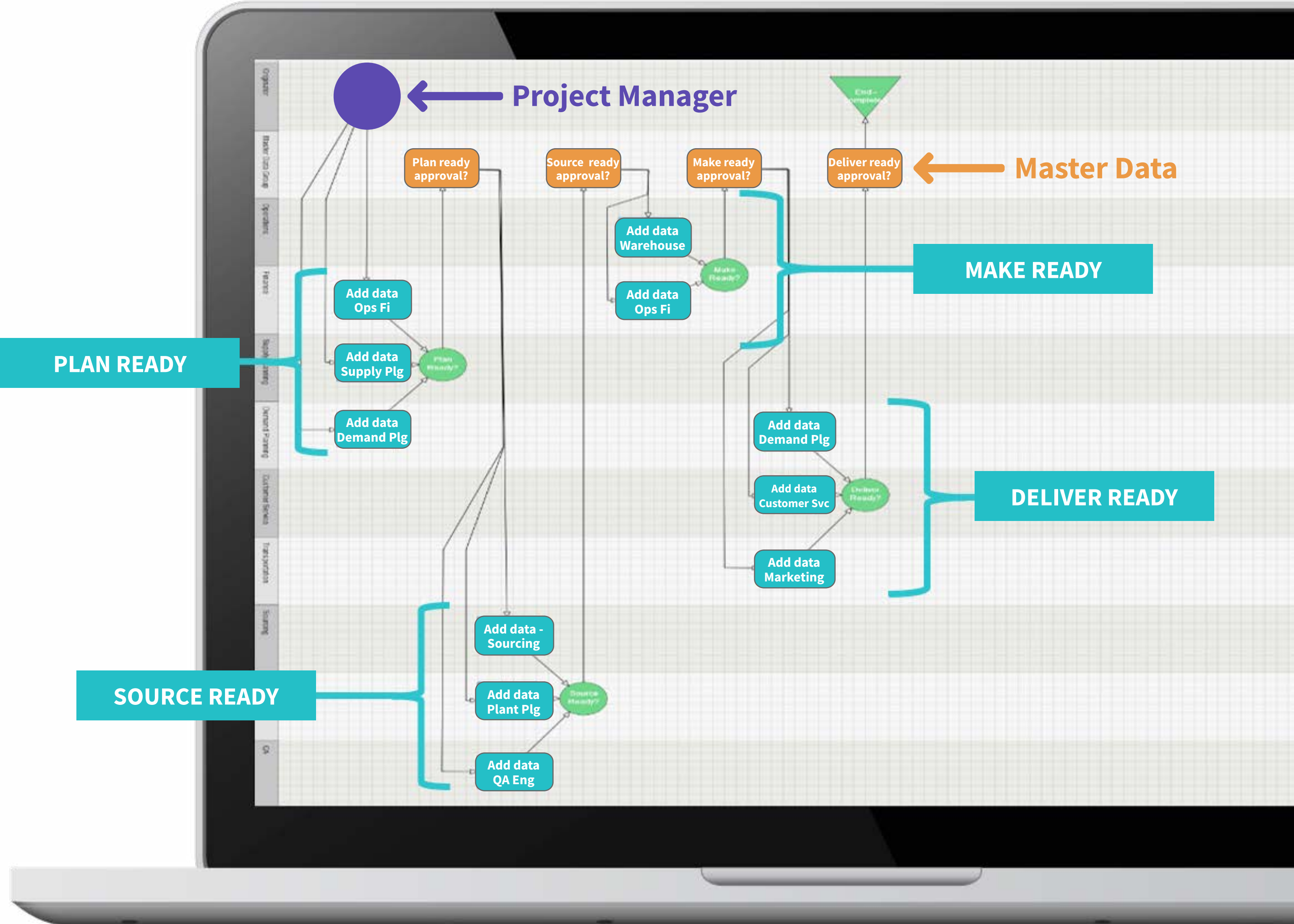
WHAT CAPABILITIES DO YOU NEED?

There are many ways to digitize your product launch processes, including building an in-house solution and working with consultants or software partners.

But if you want to avoid hefty price tags, lengthy implementation cycles, and inflexible solutions, it's key to find a partner that has proven expertise in digitizing SAP product launch processes and a flexible technology solution designed specifically for this purpose.

Core capabilities of a technology solution include:

- ☑ **Business-friendly interface**—to minimize reliance on IT for deployment and ongoing process changes.

- ☑ **Built-in secure SAP integration capabilities**—to accelerate rollout, keep data secure, and ease auditing.

- ☑ **SAP ECC and S/4HANA certification**—to ensure smooth operations and ongoing compatibility.

- ☑ **Built-in data stewardship capabilities**—to improve the quality of product launch data and avoid delays and costly downstream errors.

- ☑ **Enterprise workflow features**—to streamline data collection and approvals and reduce overall launch cycles.

- ☑ **Familiar business user tools such as web forms and Excel workbooks**—to enable workflow participants to get their work done quickly and easily.

ADDITIONAL BENEFITS FROM DIGITIZING YOUR LAUNCH PROCESS

We hope you've learned a few new tips in this eBook to help you embark on your journey to more efficient digitized launch processes.

But, it's not just about speed. Well-designed processes built with the right technology platform can yield many additional benefits like:

- ☑ **Increased launch capacity**—without additional headcount.

- ☑ **Organizational agility**—having the ability to adapt your processes quickly as your business changes.

- ☑ **Improved data quality**—by implementing your business rules.

- ☑ **Improved project visibility**—with process dashboards and reports.

- ☑ **Better business alignment**—by standardizing your launch processes across business units or product lines.

To the right is an example of a form built with Winshuttle's NPI solution to collect the data that's required to launch multiple finished goods in a single process. Behind the form is a powerful workflow engine which routes a role-based view to different workflow participants. The solution includes several data stewardship features to improve the quality of data coming into your SAP system.

GET FROM "GO" TO LAUNCH, FASTER

Digitize your NPI process with Winshuttle and stay ahead of your market. We help you get product data into your SAP system quickly and manage all critical tasks in between a "go" from R&D and product launch.

Transform your slow, manual and error-prone launches into fast, scalable and agile processes with Winshuttle's New Product Introduction solution.

Visit www.winshuttle.com/npi to learn how.

WINSHUTTLE®

GO

LAUNCH

NEW PRODUCT INTRODUCTION

NEW PRODUCT DEVELOPMENT

PROCESS

DATA

CRITICAL TASKS

WINSHUTTLE®

OPERATIONS/ SUPPLY CHAIN