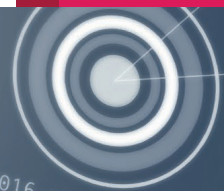




Mindtree

A Larsen & Toubro Group Company



2016 objectives:
-up to 40 ROI
-54 growing

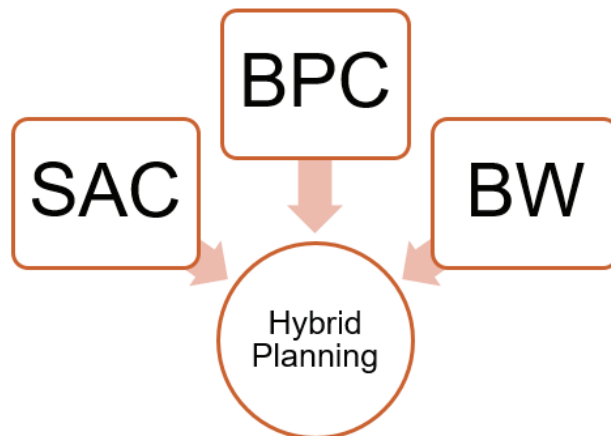
SAP

The Hybrid Planning Conundrum

The planning products supplied by SAP has become increasingly complex over the last few years. SAP Business Planning and Consolidation (BPC) has been SAP's one stop shop for all planning, statutory and management reporting making the offering easy to understand. The benefits as well as limitations were known and there was a well-defined formula how to successfully implement BPC projects. As the functionality of BPC has lagged other offerings SAP have begun to fill the analytic and planning gaps with SAP Analytics Cloud, so the question now is how do you bring together these two capabilities? The answer to that is the hybrid planning.



What is Hybrid Planning?



- Combination of SAC, BPC and BW capabilities
- Leverage the planning capabilities of BPC and the analytics engine of SAC
- Use BPC/BW as a central point to control master and transactional data
- Integrated reporting from SAC, BPC and BW
- Use of SAC for all dashboarding, analytics and driver trees

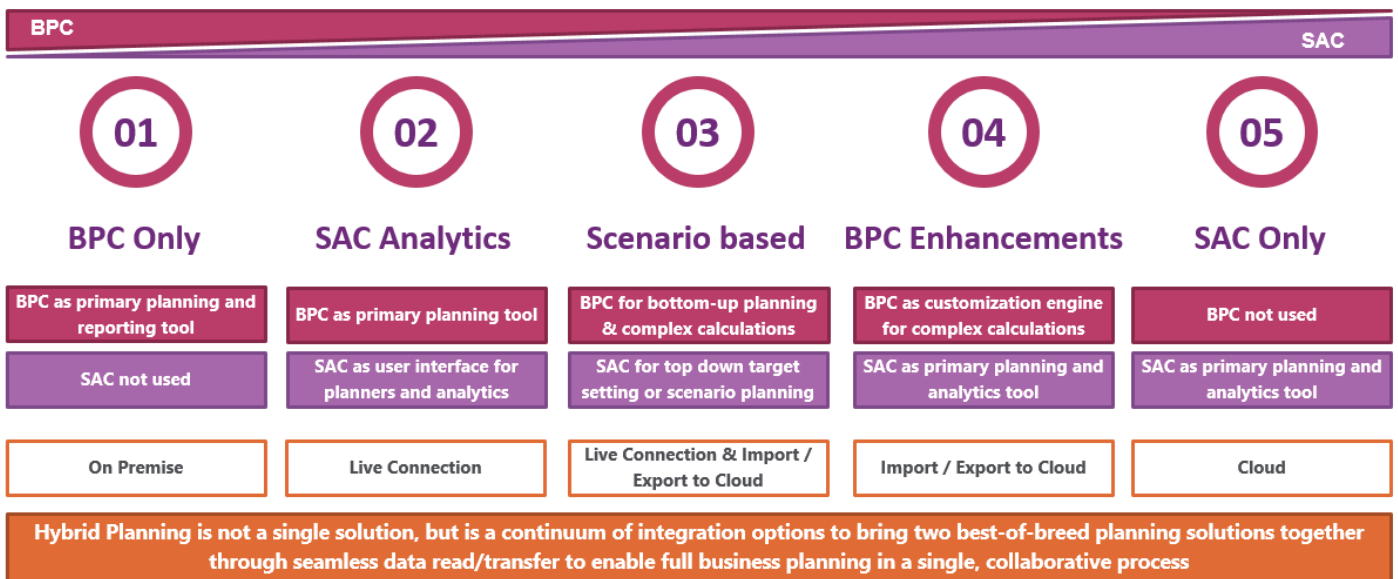
Evolution of BPC into Hybrid Planning

SAP adopted a "Cloud First" strategy 18-24 months ago. This resulted in a move away from BPC as the on-premise solution for Planning and Consolidation and the focus on SAC Planning and Group Reporting. The analytics of SAC has always been robust but the planning engine continues to develop to a point where it might one day be the one stop shop for all planning. Some of the more pertinent points are outlined below:

- Attention and development focus turned towards SAC, as an Analytics tool, as SAP realised they needed a cloud-based alternative and to compete with the rise of Tableau, PowerBI.
- Attention re-focused on planning 18-24 months ago as SAP needed a planning engine to generate and capture data to drive actionable insights.

- SAP are heavily investing in SAC, this is where future innovation will be developed and companies should look at adopting a cloud first approach if they wish to fully leverage the dot releases of SAC.
- Less focus on BPC only solutions but BPC retains a very strong and customisable planning engine which can cater for many if not all the planning scenarios currently covered in SAC. BPC falls short on the analytics and predictive elements
- BPC will remain, but SAC will have greater prominence as the functionality grows. There are various consideration on the tool selection, as in some cases it is best to have an on premise solution in BPC, or possibly a combination of the two.

What does "Hybrid Planning" mean?



Considerations Functional

It is important to understand the strengths and weaknesses of SAP BPC and SAC. BPC is suited for complex calculations that require multiple steps and large data volumes and SAC is better suited for driver tree type calculations that only require a few steps to complete. This therefore implies that SAC is better suited for high level adjustments and BPC is more efficient at detail calculations through its BW PAK engine. SAC's dash-boarding capabilities make it the "go to" interface for high level analysis whereas BPC's primary interface is through excel add-ins with a much

greater level of detail. To summarise the functional considerations of each tool some of their strengths and weaknesses are outlined below:

- **User Experience:** SAC is web based with strong visualisation capabilities, and allows users to input and or upload data using various mechanisms leading to a dynamic user experience. BPC has limited web reporting and dash-boarding with its primary interface being Analysis for Office Add-in which most users are familiar with.
- **Planning Calculations:** SAC has standard configuration that allows driver trees, allocations and

limited scripted calculations which offers less ability to customise calculations. BPC has a very powerful calculation engine that can handle complex calculation through various toolsets in BW and through the planning capabilities inherent in the embedded environment.

- **Process Governance:** SAC has workflow and status functionality that should cater for most simple scenarios, however the customisability of the BPC workflows allows greater flexibility of the process controls that can be implemented.
- **Scenario Planning:** SAC has strong scenario planning functionality that allows users to run various iterations which facilitates robust what if planning. BPC has the ability to run the same scenarios but the development will be bespoke in nature and not as intuitive as the dashboard linked scenarios of SAC. SAC also has better predictive capabilities in built, and predictive type planning in BPC will be bespoke.
- **Reporting and Publishing:** BPC can publish reports, perform offline data collection and has multiple reporting formats. SAC on the other hand has very limited ability to do offline planning and or report publishing, so if there is ever a need to do offline planning or publish reports in varying formats, BPC is the toolset that needs to be used.

If the considerations above were to be put into more functional use case the following example can be used. SAC could be used to perform revenue planning, using dash-boarding tools to analyse margin, and if required adjust the margin up or down and run the driver trees to understand the impact on the P&L statement, price and volume figures. Once several scenarios have been run and analysed at a high level and the desired scenario selected the data could then be pushed down to BPC to run the calculations on the full data set. The opposite could be true where the data is submitted at the lowest level in BPC and various drivers run to populate the figures for consumption in SAC where users could do a top down adjustment. It would be an iterative approach allowing great flexibility in the planning process, where users could select the approach which best suits their needs and there is no dependency between the two approaches. Once the figures have been finalised the process can be closed by using the workflow functionality and published to the finance community using the capabilities in BPC. The data would then be available for consumption in SAC through dashboards or

in BPC if further detail is required.

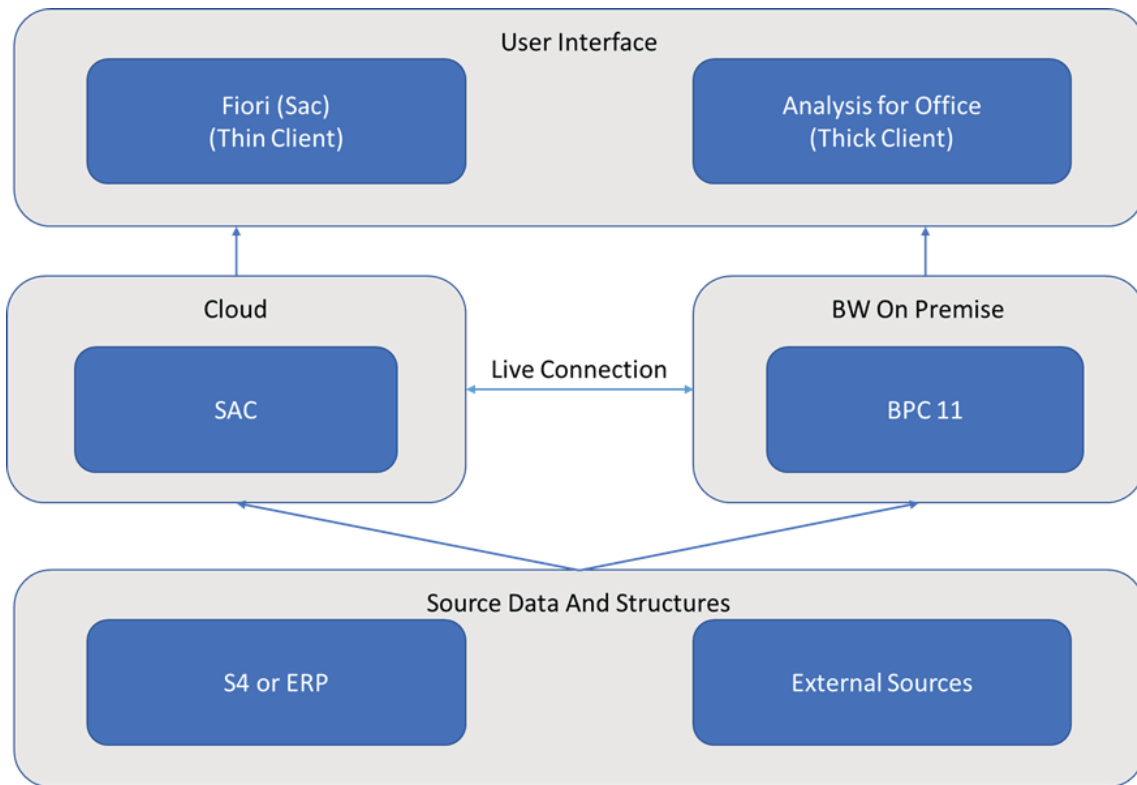
Considerations Technical

The technical considerations are something that need to be carefully understood, there are many interdependencies and it can be a tricky topic to navigate. So of the most important aspects are highlighted below.

- **On Premise or Cloud:** It is important to understand the pros and cons of both approaches and as with most from SAP the most optimal solution is somewhere in the middle. The needs within your organisation needs to be fully analysed and the target architecture decided. SAP is driving a cloud first strategy so incorporating some form of cloud based planning is important so that you can fully leverage the roadmap going forward.
- **Version of BW:** SAC can connect seamlessly to most versions of BPC and BW, there are even live connections available to S4 so the latest data will be available. BPC 11 now runs on BW4HANA but there are older versions that run on earlier versions of BW, so it is important to understand the versions of BW and BPC that will be used and how the connections to SAC will function.
- **Licensing:** The licensing can be quite tricky, as there is no single license for all of the toolsets meaning that the costs associated with the licensing can be quite significant. It would be prudent to investigate what licensing is available and which model would be most appropriate for your organisation.
- **Thick vs Thin Client:** A thin client is where the end users access the system from the web, meaning that there is very little needed in terms of installations and configuration on user machines. A thick client is where software needs to be installed on the end user machines and compatibility of various versions of software needs to be considered and can incur greater costs from a support perspective. SAC is primarily a thin client with most interaction being via the web and BPC is primarily a thick client. Favouring a hybrid approach means that users they will have the ability to interact in a manner that is most appropriate for the individual users.
- **Mobile:** As with most things in modern day life the need to access information off your mobile phone is becoming increasingly important. SAC inherently

offers mobile capabilities and a hybrid planning solution provides users with planning capabilities in the palm of their hands. While developing the

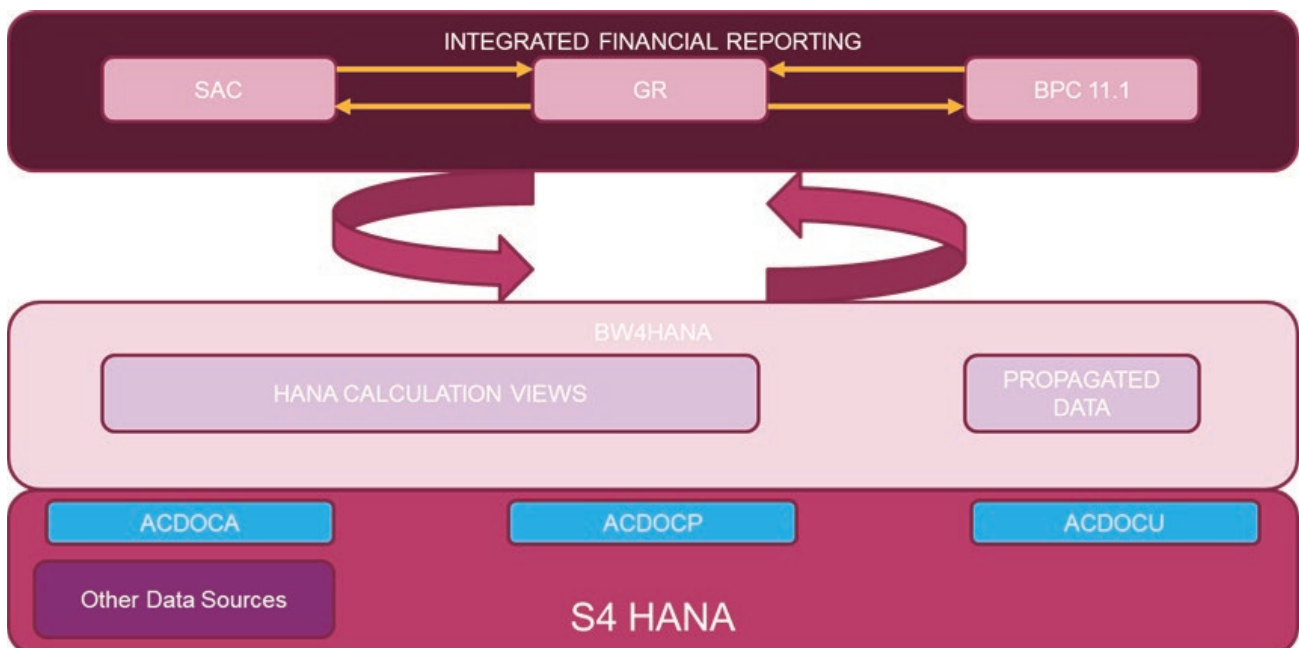
solution it is imperative to keep in mind the mobile requirements of your organisation.



Hybrid Planning in the S4 HANA Context

The concept of Hybrid Planning is further extended when S4HANA is thrown into the mix. In this case the value of Hybrid Planning solutions is significantly increased as the broader architecture is robustly integrated with the source ERP. This ensures that all

master and transactional data is centrally controlled with a reduction with data latency which can lead to real time reporting. The benefits of having all elements tightly integrated has many benefits and will lead to integrated planning and reporting.



Benefits of Hybrid Planning Functional

- Scenario Based Planning will allow business units to make more informed decisions. Hybrid planning will allow your organisation to quickly understand various scenarios and help inform more robust strategic decision making.
- Integration of all source systems into one integrated financial reporting tool that will allow connected planning and reporting. This will mean one single point of truth, reduced risk of human error less reconciliation points.
- Standardised planning approach and structures, comparing apples with apples. Enforcing standard processes and methodology will mean that the output of any planning process is uniform and easily comparable, there will be less need for ratification of results to compare various markets and or business units.
- Proper governance of IT landscape and reduced TCO. SAP products allow strong governance through the security elements to lock down any changes, it is also common practice to use a three-tiered landscape to robustly control and test any changes being moved through the landscape. Combining all elements onto one platform also leads to reduced costs as less hardware is required to host the software and ultimately simplifies the landscape.
- Improved efficiency of staff, less time performing manual input and more time doing analysis and scenario planning to help informed drive business decisions. Staff will spend less time performing the task of completing the budget and spend more time analysing the data to make more informed business decisions.
- Reduced risk of human error due to automation. Due to the solution being highly integrated and the automation of backend process leads to less human intervention which inevitably leads to less human error. It leads to reduced time to close and a more efficient process overall, freeing up user's time to analyse and increased confidence in data.
- Reduced timelines to close plans and forecasts due to a driver-based approach. Plans and forecasts can be prepopulated quickly and allow business units to adjust if necessary, to ensure accurate reporting.
- Strong visualisation and dash-boarding can provide immediate insight into top and bottom performers i.e. top ten Brands by customer. This will allow immediate insight into the business and, combined with the strong scenario planning capabilities, will allow organisations to run what if analysis and see the results in near real time.

Benefits of Hybrid Planning Technical

- Combination of SAC, BPC and BW Capabilities. Hybrid planning allows organisations to leverage all the capabilities of the underlying technologies and help drive connected planning.
- Best of both worlds as it leverages the planning capabilities of BPC & BW with the analytics of SAC.
- Use of SAC for all dash-boarding, analytics and driver trees
- SAC is your business at a glance, BPC is your business in detail so allows users to drill down on the various line items.
- It allows the user flexibility on approach, users can choose what level at which they want to plan i.e. top down vs bottom up. It allows users to use the web with SAC to do high level planning or use the more typical Analysis for Office to do more detailed planning.
- The strong dash-boarding capability of SAP Analytics cloud allows the underlying data to be easily visualised to provide immediate insights into the business enabling informed business decisions faster
- Mature functionality in BPC brings a more robust approach to the planning and data management. If there is a need to run highly complex calculations or transformations BPC functionality combined with BW processing power is the best solution.

Summary

SAC is a toolset that is rapidly evolving since SAP is heavily investing in the tool to make it the market leader in not only analytics but in planning to. Organisations should look at ensuring that are following a cloud first approach, so that they can fully leverage not only SAC but other cloud based solutions from SAP. The tools sets will invariably reach a point where organisations can consider sunsetting their BPC landscape and run everything through a thin client in the cloud. That being said BPC will almost certainly always be part of a planning landscape in one form or another as it has a robust tested planning engine that can offer great flexibility to most organisations, there may even be instances where having an on-premise offering is a legal or organisation requirement. There are many items to consider when planning the route forward and the optimal solution may not be the most obvious one, let us help you decide.

About Mindtree

Mindtree [NSE: MINDTREE] is a global technology consulting and services company, helping enterprises marry scale with agility to achieve competitive advantage. "Born digital," in 1999 and now a Larsen & Toubro Group Company, Mindtree applies its deep domain knowledge to 300+ enterprise client engagements to break down silos, make sense of digital complexity and bring new initiatives to market faster. We enable IT to move at the speed of business, leveraging emerging technologies and the efficiencies of Continuous Delivery to spur business innovation. Operating in 18 countries and over 40 offices across the world, we're consistently regarded as one of the best places to work, embodied every day by our winning culture made up of over 21,000 entrepreneurial, collaborative and dedicated "Mindtree Minds."