

**TRANSFORM EXPERIENCE.
TRANSFORM BUSINESS.**

SAP S/4HANA Segmentation for
Life Sciences



DEMAND AND SUPPLY SEGMENTATION

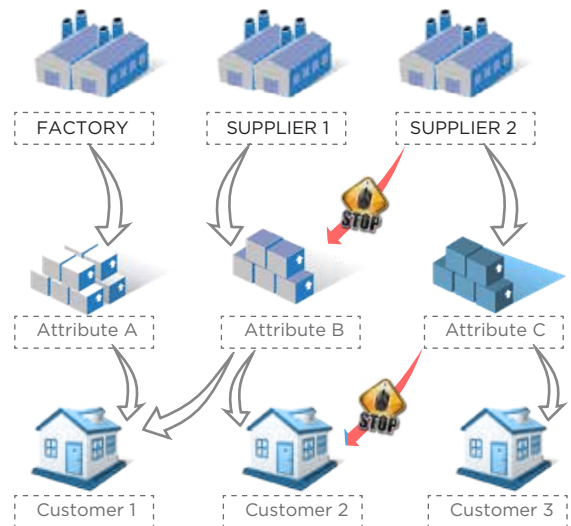
Separate stock based on attributes such as ingredient's country of origin, potency, production process or vendor

Segment customer demand based on attributes such as regulatory requirements or priority

Define the optimal matching logic between them

KEY COMPONENTS :

- Reduce overstocking by sourcing decisions that match customer demand
- Reduce number of products and production complexity by introducing segments
- Reduce out of stock by optimal flow of existing supply
- Avoid customer returns due to not matching deliveries



SEGMENTATION IN SAP S/4HANA & IBP

Solution capabilities that allow matching supply and demand using product and market attributes in a streamlined manner:

PLANNING IN IBP:

Demand & supply planning

LOGISTICS & FINANCE IN S/4HANA:

Purchase order processing

Production planning & execution

Quality management

Inventory management & warehousing

Sales order mgmt. & processing

Product costing

CROSS AREAS IN S/4HANA & SCP:

Segmentation setup & master data, reporting



CAPABILITIES IN FINANCE & LOGISTICS SOLUTION AREAS

PURCHASE ORDER PROCESSING

Procure and manage materials at the level of segmentation during the entire procurement process

Purchasing documents with segmentation incl. POs, PReq, purchasing info records, invoice verification

Determination of pricing in purchasing documents based on segmentation.

Split valuation of partial stocks referring to batches or stocks of segmented materials

PRODUCTION PLANNING & EXECUTION

Guarantee material availability for finished product, bulk and formulation production at segment level

Multi-level MRP with segments

Segments in BoM, routing and production version

Production order with segments

Segmentation integrated in batch determination.

QUALITY MANAGEMENT

Perform quality planning, inspections and collect results based on segments

INVENTORY MANAGEMENT & WAREHOUSING

Process all goods movements and manage stocks in the warehouse for individual segment values.

Warehouse management with entry options for individual segment values e.g. transfer requirement, transfer order, stock overview display segment values

Segmentation integrated in batch determination.

SALES ORDER MGMT. & PROCESSING

Sell same material while distinguishing different attributes.

Segmentation in all main sales document: sales order, inquiries, quotations, contracts, delivery and billing.

Availability check with segmentation in AATP (advanced ATP) and BOP (backorder processing)

Pricing based on segmentation.

Special business processes: consignment, TPO (third party order processing) with segmented materials

PRODUCT COSTING

Calculate product cost at valuation type level based on segment value

Segmentation in SAP S/4HANA & IBP

SEGMENTATION SETUP & MASTER DATA REPORTING



Segmentation Setup

- Freely-definable requirements and stock segments: e.g. country of origin, potency, equipment, regulation, market unit, sales channel, customer segment, quality
- Choose applications and segmentation type relevant for segmentation e.g. sales order, production order, stock
- Define segmentation structure and strategy* (1:1, N:1, 1:N, N:M)
- Default segmentation values and reference from previous documents



Master Data

- Choose materials relevant for segmentation
- Material master data at segment level (weights, volume, WM, sales status, EAN/GTIN)
- Mass maintenance of segmentation structure and strategy in material master



Reporting

- Transactional reports enhanced with segment details in S4 applications e.g. sales documents lists, order progress report
- Analytics & analytical applications in SCP**

DEMAND & SUPPLY PLANNING



Demand Planning

- Forecasting by demand segment
- Assignment based on demand segment to DC and stock segment



Supply Planning

- Supply planning run based on sourcing ratio which factors stock segment and effectivity date (time bucket)
- Scenario planning and financial evaluation



Integration to S/4Hana

- Integration to S/4 in the longer term horizon for critical drug products and drug substances
- Integration by product plant and segment



* 1:N, N:M segmentation strategy planned for S/4Hana 1809

** not part of standard S4, considered as partner innovation in SCP

Mail to us at sap@hcl.com



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