

SCM Consulting Solutions

Safety Stock Simulation 2011.1

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December, 13th 2011

Released
for
customer

Agenda

1. **The challenge: Determination of optimal safety stock levels**
2. The solution: SCM Consulting Solution Safety Stock Simulation
3. Details on Safety Stock Simulation

The challenge: Determination of optimal safety stock levels

During the process of determining optimal safety stock levels, MRP planners often encounter the following problems:

- The desired service level is globally set by the sales department. The direct influence on stock levels and inventory costs can not be determined and is, therefore, not considered.
- No tool allows a calculation of the optimal safety stock levels based on the actual consumption values for the desired service level.
- For this reason, safety stock are maintained manually. A regular maintenance of the fixed safety stocks is too time-consuming. Changes in the parameters like decreasing/increasing demands, shorter lead time are not considered.
- Calculation of safety stock and reorder points without starting standard SAP material forecast is possible with the safety stock simulation.
- In the SAP standard an automatic calculation of safety stocks is only possible if the material master forecast is executed.
- A simulation of changing input factors during the calculation of safety stocks is not possible.

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The solution: SCM Consulting Solution Safety Stock Simulation

Questions and answers about SAP's safety stock simulation tool:

Which prerequisites must be fulfilled by the customer?

- SAP R/3 Material Management and the SAP MRP monitor must be used.

Which advantages does the safety stock simulation tool offer?

- Optimal calculation of safety stocks per material based on the consumption values or the parameters from the material master for a given service level
- Simulation of changing input factors on safety stock costs (e.g. changing service level, lead time, demands)
- Calculation with ERP method or extended methods of SCM APO possible

Is the safety stock simulation tool a modification?

- No, it is not. It is an add-on.

Is there any customizing necessary to use the safety stock simulation tool?

- No, there are no customer specific adjustments necessary.

How time-consuming is the installation?

- The consulting solution will be installed within one-day and is immediately ready-to-use.

What are the costs for the safety stock simulation tool?

- Please send an inquiry to Marc Hoppe or Ferenc Gulyássy.

Goal´s of SCM Consulting Solution Safety Stock Simulation

The safety stock simulation tool allows the calculation of optimal safety stock levels for a given service level:

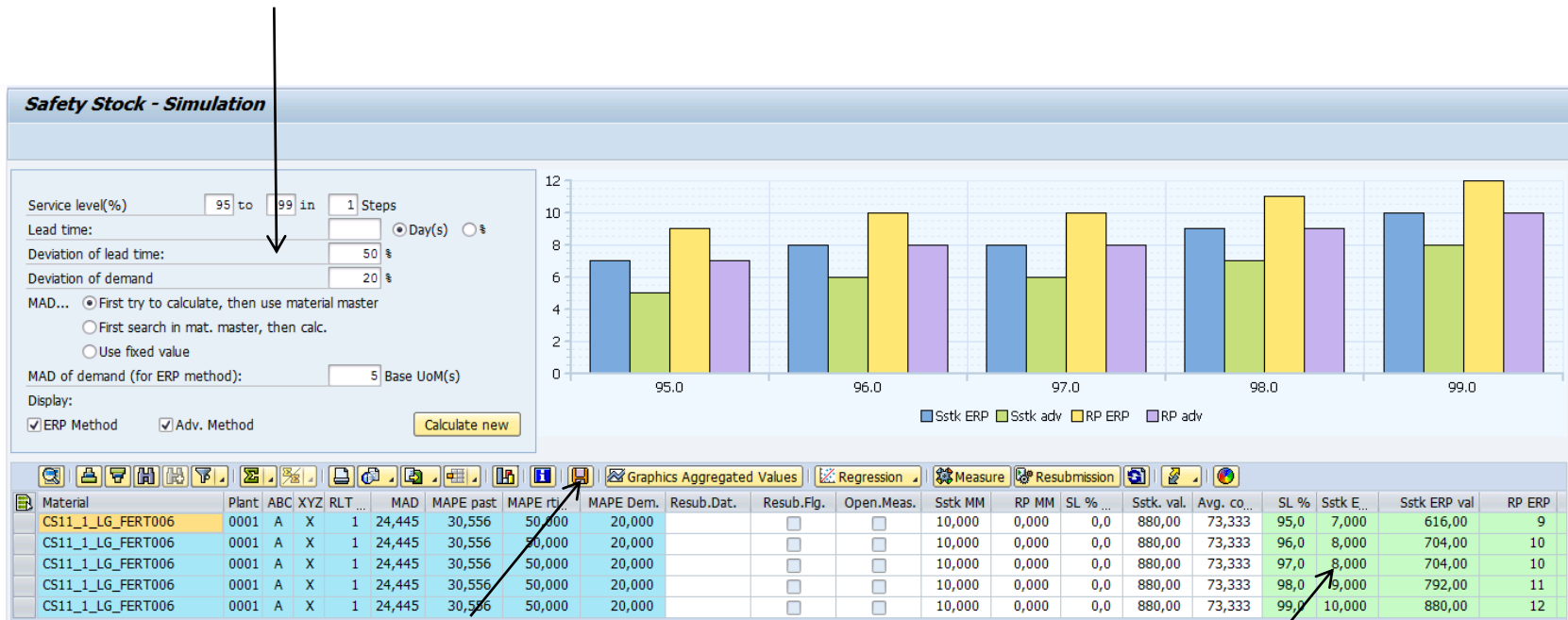
- This normally leads to a shifting of safety stocks between materials in order to store the right materials. That's why a reduction of safety stock costs and an improvement of service levels can be achieved at the same time .
- With the help of the parameter-simulation future trends (e.g. a higher service level, decrease in demand, reduced lead times) can be considered and evaluated.
- It is easy to show which effect an increase of service level has on the safety stock value

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Details on Safety Stock Simulation

Variation of several input factors possible



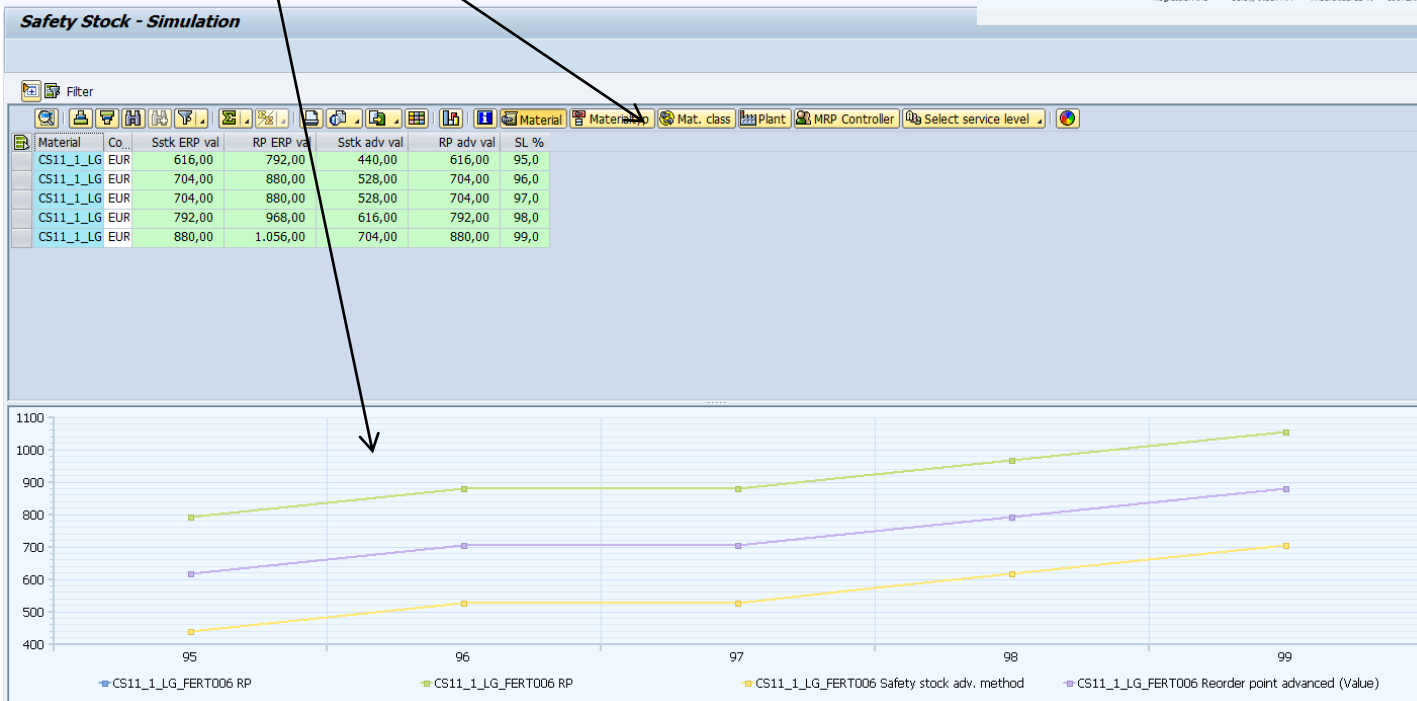
Update of material master

Calculation of several safety stocks and reorder points

Details on Safety Stock Simulation

Aggregate safety stocks on several aggregation objects

Regression line



Where can I get more information on SCM CS?

Go to SAP service marketplace and search for note 1493943!

Or ask for more information:

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