

# Achieving **Sustainable Supply Chains** Through Planning

Guidance to Help Supply Chain Leaders Engage in the Circular Economy



# Table of Contents

- 3** Executive Overview: Planning for a Sustainable Supply Chain
- 4** Strengthening Supply Chain Resilience
- 5** Action is Needed to Address Sustainability in Planning
- 6** What is SAP Doing to Help?
- 7** Solutions for Sustainability Challenges
- 8** Digital Business Planning for Sustainable, Intelligent Enterprises

# Executive Overview: Planning for a Sustainable Supply Chain

Sustainability is top of mind at many companies today, and it requires new ways of doing business. This is where supply chain leaders can make a difference, as supply chain planning can play a key role in reducing businesses' environmental impact. It spans all steps of your business' value chain, in addition to your entire supplier network, making it critical to achieving zero waste.

Carefully planning resources, inventories and capacities can reduce emissions and overall environmental impact – in addition to tracking reduction efforts and ensuring compliance with regulations. Start your transformation journey towards a sustainable business with these initiatives:

1. Deploy a modern planning solution that helps you meet future demand more accurately, with optimized demand-supply matching to

eliminate unnecessary waste, storage, energy, and transportation emissions.

2. Use reporting and tracking mechanisms to set carbon footprint targets, measure your progress, and improve visibility into your entire supply chain ecosystem.
3. Establish a reliable collaboration network with your suppliers and outsourced manufacturers to ensure ethical sourcing, reduce inventories and waste across your supply chain by supporting circular processes.

SAP is here to spearhead this transformation and co-innovate with customers to help them embed sustainability insights and actions throughout their supply chain processes to help build a circular economy.



## Strengthening Supply Chain Resilience

Climate change, the circular economy, Environmental, Social, and Governance (ESG) factors, and sustainability have become business priorities. Global supply chains sit right in the middle of these challenges – both as a major contributor to the problems, and an opportunity to help solve them. More sustainable, or even circular economy models, can help build supply chain resilience in the face of disruptions – as well as meeting new demands.

Pressure to incorporate sustainability practices and processes is coming from all angles. Governments and industry regulators are setting rules

and mandates. As a consequence, many companies have already defined sustainability targets as part of their overall business strategy. Supply chains can have a significant influence here, offering businesses the opportunity to reduce greenhouse gas emissions in their production and distribution processes.

Carefully planning resources, inventories and capacities can reduce emissions and overall environmental impact – in addition to tracking reduction efforts and ensuring compliance with regulations.



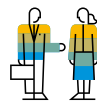
## Action is Needed to Address Sustainability in Planning

Planning is at the heart of a sustainable supply chain. It spans all steps of your business' value chain, in addition to your entire supplier network, making it critical to achieving zero waste. However, in many modern organizations, the planning team is isolated from other value-generating teams – a siloed approach that can lead to excess waste.

Improving your supply chain resilience and sustainability requires action today.



**Deploy a solution that can help you meet future demand profitably**, such as the [SAP® Integrated Business Planning for Supply Chain](#) solution (SAP IBP for Supply Chain) for optimized demand-supply matching to eliminate unnecessary storage and transportation, and reduce waste and emissions.



**Collaborate with your network** of suppliers and outsourced manufacturers to establish a reliable supply network, ensure ethical sourcing, and facilitate the circular economy from vendors to customers.

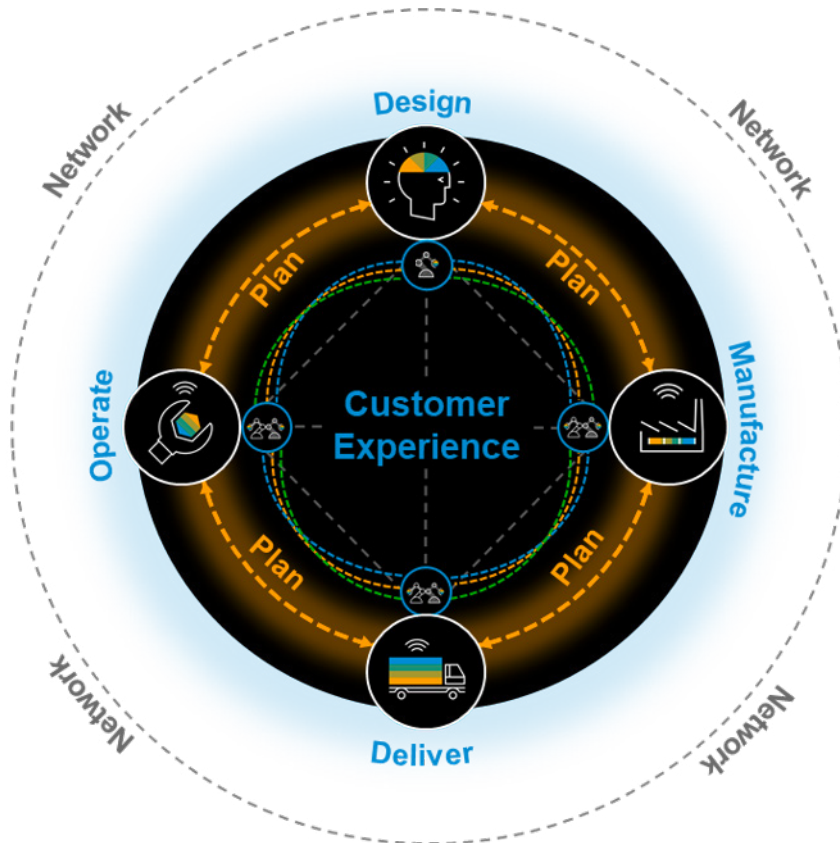


**Use reporting and tracking mechanisms** like a carbon footprint tracker to set targets, measure your progress and improve visibility into your entire supply chain ecosystem – so you can gain insights into risks, and ensure regulatory and responsibility compliance.



## What is **SAP** Doing to Help?

SAP solutions allow businesses to more effectively plan their resources, inventories, human capital, and capacities to reduce emissions and their overall environmental impact.



**Figure 1:** Your Supply Chain

With SAP IBP for Supply Chain, [SAP S/4HANA®](#), and [SAP Business Network](#), you can:

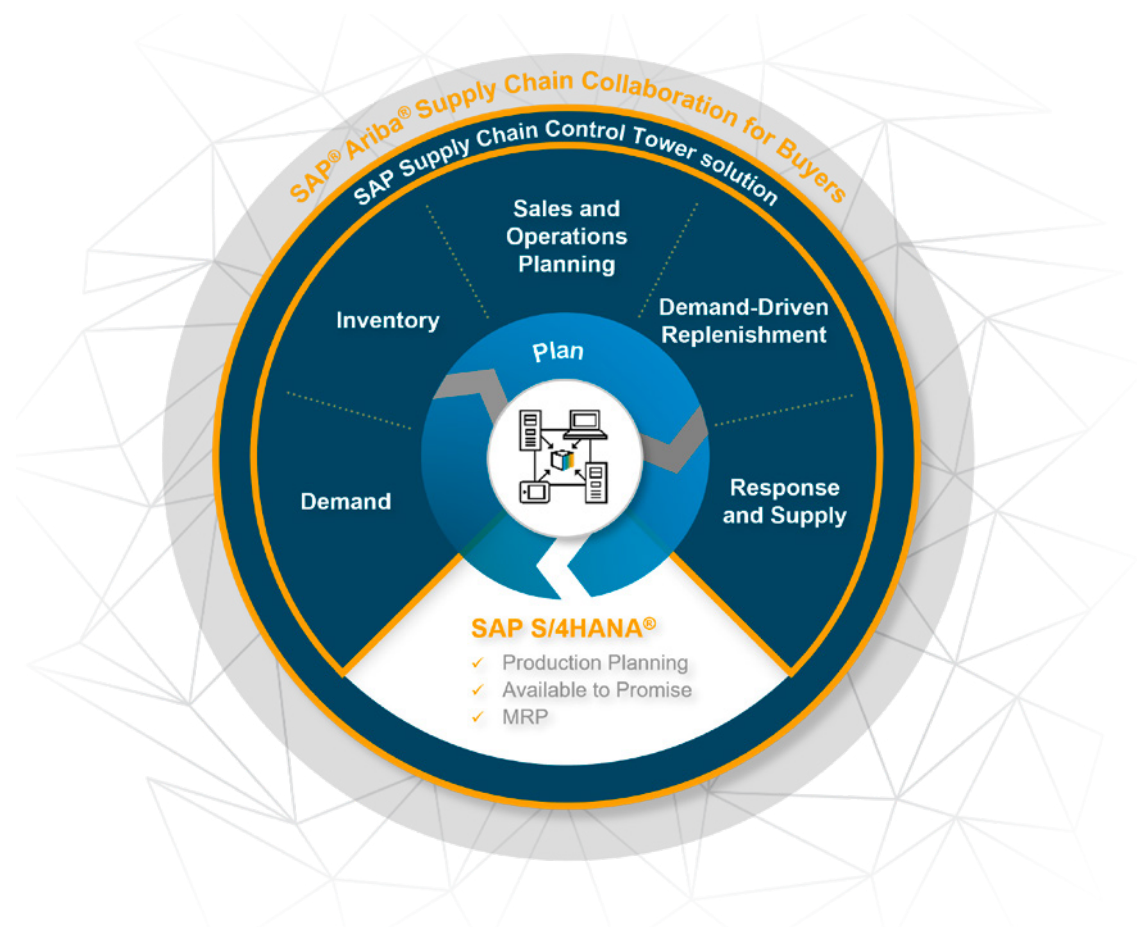
- Plan how to satisfy demand with sustainable supply and ethical sourcing across your entire supply chain
- Increase forecast accuracy to create a more accurate plan that reduces waste and obsolete inventory
- Predict end-of-life scenarios for products and facilitate measures to circulate them back into the economy
- Use sustainability targets and planetary boundaries as capacity constraints
- Plan to optimize equipment and resources
- Create visibility into your current situation and simulate potential improvements

## Solutions for Sustainability Challenges

SAP is helping companies meet common sustainability challenges in their supply chains.

Sustainability Challenge	How to Meet the Challenge with Digital Business Planning
Waste and stranded inventory due to low response to customer demand changes	<p>Put the right amount of inventory in the right place to reduce transportation emissions and resources consumption, with:</p> <ul style="list-style-type: none"><li>• Accurate demand forecasting and optimized inventory positioning</li><li>• Product segmentation to categorize and prioritize products by their ecological footprint, such as units of carbon emissions</li></ul>
Misaligned production caused by misbalance of demand and supply, outdated information, and lack of collaboration	<p>Eliminate unnecessary storage and transportation with better demand-supply matching to reduce cost, waste, and emissions</p>
A lack of reporting and tracking mechanisms for measuring progress and having visibility of total supply chain status (such as inventory, inbound and outbound shipments, and manufacturing work in progress)	<p>Gain visibility into your entire supply chain ecosystem, including trading partners, for:</p> <ul style="list-style-type: none"><li>• Insights into risk and constraining factors as well as opportunities and resolutions</li><li>• Regulatory and responsibility compliance</li></ul>
External costs like carbon emissions are not made transparent or considered in decision-making	<ul style="list-style-type: none"><li>• Use the <a href="#">SAP Product Carbon Footprint Analytics application</a> with SAP S/4HANA and the solution to consider your carbon footprint as part of your planning process</li><li>• Use scenario planning to analyze ecologic and economic cost through procurement, production, and transportation processes</li></ul>
Efficient distribution of goods is needed throughout the supply chain to ensure shipments are full and cost-effective	<p>Determine sourcing decisions and downstream deployment post-production, using load consolidation to meet demands on time and by the most cost-effective means</p>
One-way 'linear' supply chains lead to the waste of raw materials and environmental pollution, and threaten supply stability in times of resource scarcity	<p>Leverage scenario planning to:</p> <ul style="list-style-type: none"><li>• Predict end-of-life scenarios</li><li>• Break down supply chain silos and collaboratively plan products from design to operate</li><li>• Support circular processes</li></ul>

# Digital Business Planning for Sustainable, Intelligent Enterprises



**Figure 2:** SAP Can Support Your Business at Every Stage of the Supply Chain

SAP is helping companies improve sustainability in the following ways.



### More accurate planning

Deploying resources more efficiently reduces waste and emissions across production, warehousing, and transportation.



### End-to-end visibility

New insights into risk and constraining factors, as well as into opportunities and resolutions, provide visibility to leverage for decision-making.



### Synchronized planning processes

Connected and integrated planning processes – even across company borders – reduce transaction costs.



### Shorter planning cycles

Increased responsiveness means reacting faster to changes in the market, in a sustainable way.



Follow us



[www.sap.com/contactsap](http://www.sap.com/contactsap)

Studio SAP | 82237enUS (3/30)

© 2022 SAP SE or an SAP affiliate company. All rights reserved.

No part of this publication may be reproduced or transmitted in any form or for any purpose without the express permission of SAP SE or an SAP affiliate company.

The information contained herein may be changed without prior notice. Some software products marketed by SAP SE and its distributors contain proprietary software components of other software vendors. National product specifications may vary.

These materials are provided by SAP SE or an SAP affiliate company for informational purposes only, without representation or warranty of any kind, and SAP or its affiliated companies shall not be liable for errors or omissions with respect to the materials. The only warranties for SAP or SAP affiliate company products and services are those that are set forth in the express warranty statements accompanying such products and services, if any. Nothing herein should be construed as constituting an additional warranty.

In particular, SAP SE or its affiliated companies have no obligation to pursue any course of business outlined in this document or any related presentation, or to develop or release any functionality mentioned therein. This document, or any related presentation, and SAP SE's or its affiliated companies' strategy and possible future developments, products, and/or platforms, directions, and functionality are all subject to change and may be changed by SAP SE or its affiliated companies at any time for any reason without notice. The information in this document is not a commitment, promise, or legal obligation to deliver any material, code, or functionality. All forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. Readers are cautioned not to place undue reliance on these forward-looking statements, and they should not be relied upon in making purchasing decisions.

SAP and other SAP products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of SAP SE (or an SAP affiliate company) in Germany and other countries. All other product and service names mentioned are the trademarks of their respective companies.

See [www.sap.com/trademark](http://www.sap.com/trademark) for additional trademark information and notices.