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HPA Adoption Strategy for SAP IBP Customers

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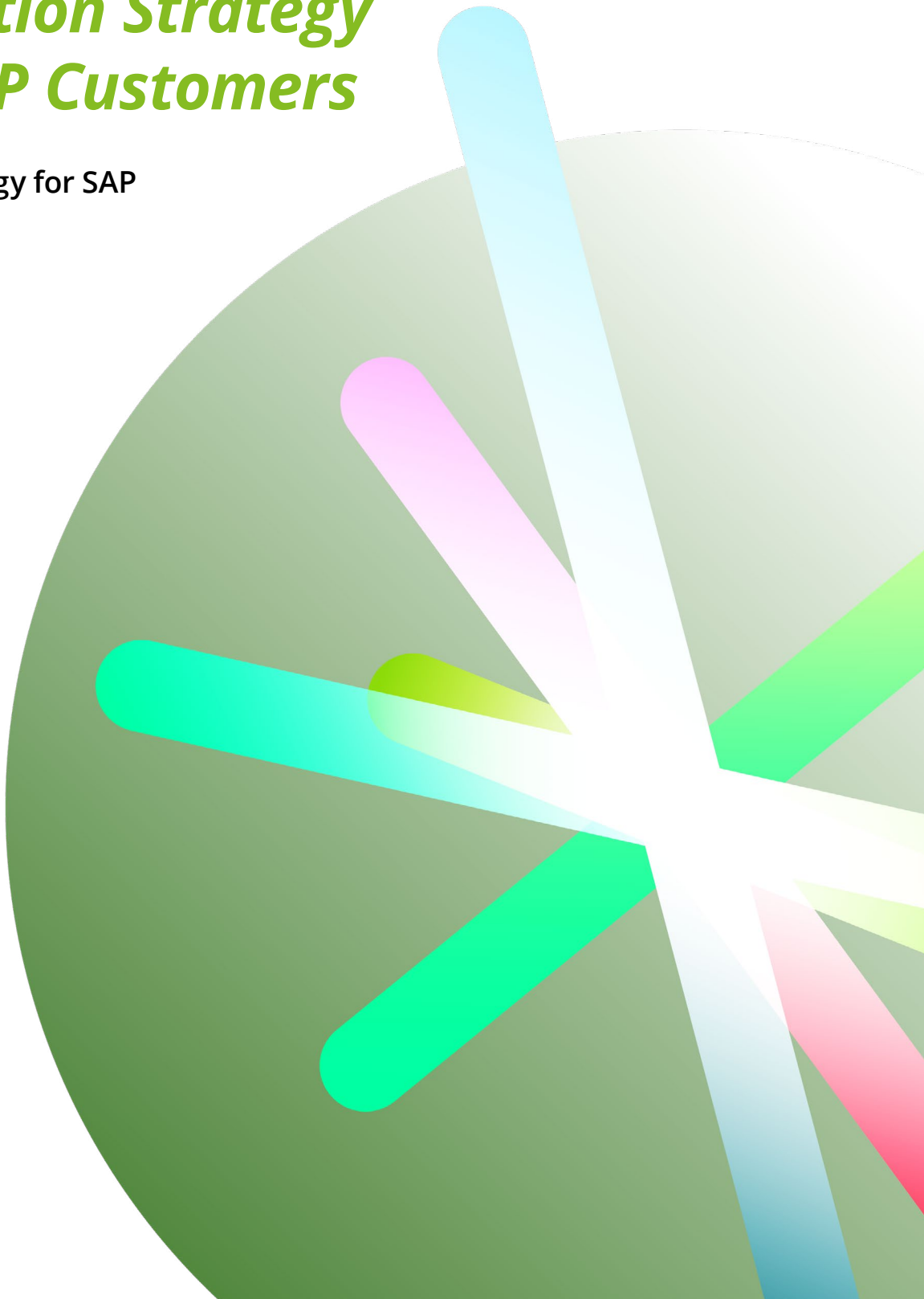


Introduction to SAP IBP
Harmonized Planning Area (HPA)

Harmonized Planning Area (HPA) takes features of both tactical planning and operational planning using a common data model to build functionality into one unified Planning Area (PA). The new planning area is called SAPIBP2 and will support all core processes in SAP IBP. Since the introduction of the Harmonized Planning Area, the functionalities of Demand Planning, S&OP, Inventory Optimization, and Response and Supply are supported in one Planning Area.

The Harmonized Planning Area is designed to address the following challenges:

Data Models

Maintaining two separate data models, one for tactical planning and one for operational planning, results in issues aligning the tactical and operational planning results

Visibility

Planners who need visibility of both tactical and operational plans could not get this in one view or planning report

Maintenance Cost

Total cost of maintenance is higher for two planning areas because of the separate integration schemes

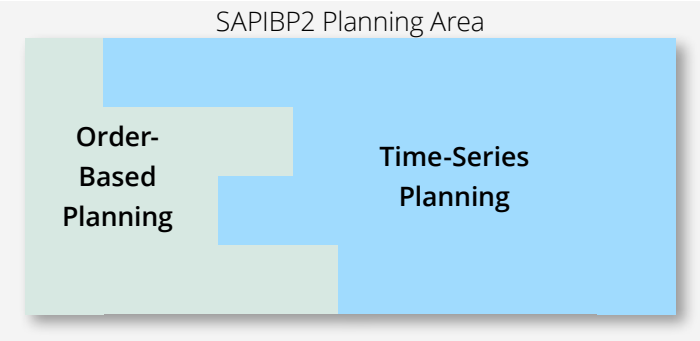
Implementation Effort

The effort and cost of implementing two planning areas for operational and tactical planning is higher than implementing a single Harmonized Planning Area

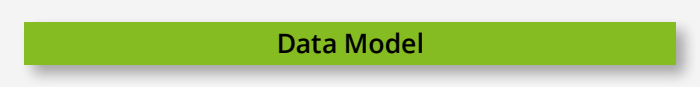
Deep Dive into Harmonized Planning Area (HPA)

SAP Integrated Business Planning for Supply Chain

Applications



SAP HANA Database



Development focus for new innovations in SAP IBP is shifting towards the Harmonized Planning Area. Leveraging a common data model, all processes from Demand Planning, S&OP, Inventory Optimization, and Response and Supply Planning will work seamlessly together in HPA.

Currently, Time-series (tactical) planning is built into the SAPIBP1 planning area and Order-based (operational) planning is built into SAP7F, both with distinct data models. HPA has been built to replace both planning areas with a common data model that is closer to the SAP Production Planning and Detailed Scheduling module. This allows for better collaboration and handover, not only between tactical and operational planners in SAP IBP, but also with production planners working in SAP S/4 ePPDS.

Just as the master data model was harmonized, the key figures used in SAP IBP have been streamlined with the introduction of HPA. There will be common key figures used for both time-series and order-based planning, as well as some area-specific key figures. This allows for tight process integration between the tactical and operational plans as all data is kept within the same Planning Area.

The benefit of having a harmonized data model, including key figures, within HPA is that planners can make best use of two planning methods complementary to each other – one side the planning by Horizon and on the other side the planning by Subnetwork. Both are used in tandem to produce the organizational level planning results.

By Horizon: tactical planning will run for a horizon of 2 to 3 years for demand and supply matching, strategic planning and the S&OP process. Those tactical planning results will be used as guard rails by the supply and deployment planning operators for the operational (short-term) horizon. As both are run in the same planning area, there is no need for an intermediate data copy step between the two planning runs. The operational plan will then be reflected in SAP S/4 and ePPDS for further planning.

By Subnetwork: the organization's supply chain will be divided into smaller subnetworks, considering various factors such as location / geography, Product decomposition, and planner access by their roles. However, planners have the flexibility to plan using a global planning run, or by subnetworks, considering the tactical and operational horizons.

HPA in the S&OP Process:

Development focus for new innovations in SAP IBP is shifting towards the Harmonized Planning Area. Leveraging a common data model, all processes from Demand Planning, S&OP, Inventory Optimization, and Response and Supply Planning will work seamlessly together in HPA.

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Recommendation on Integration approach:

With the introduction of HPA, customers are able to use RTI in both time-series and order-based planning. Customers are recommended to use RTI to transfer standard master and transactional (orders and stock) data for both time-series and order-based planning in I_SAPIBP2. Cloud Integration (CI) is recommended to be paired with RTI to transfer custom key figures, custom master data attributes, and facilitate integrations with non-SAP systems, databases and files. Enhancement BADIs (Business Add-Ins) are available for RTI to transfer standard data using custom logic. Our recommendation for new customers of SAP IBP is to use RTI and CI where necessary. For customers already using Cloud Integration Data Services (CI-DS), SAP has promised to continue support for an indefinite period of time. With HPA, key considerations are listed below for future integration approach:

1. Supply chain integration add-on can be connected with SAP CI using the SAP Cloud connector
2. RTI will connect IBP and S/4 using the SAP cloud connector and BTP connectivity services on IBP side
3. SAP systems such as Ariba, APO, TM, EWM, BW will use SAP CI as integration methodology leveraging the SAP cloud connector
4. Existing customers can continue implementation using the CI-DS and migrate to HPA when migration tool is available in 2026+

Harmonized Planning Area Supported features and plan:

The advanced Demand Planning functionalities of SAPIBP1 are also supported by HPA (SAPIBP2), with the exceptions being some features of Demand Sensing with Multiple Linear Regression, and Product Lifecycle Management which are planned for future releases. Advanced Machine learning forecast methods i.e. Gradient Boosting are also supported by the Harmonized Planning Area.

Inventory Optimization (IO) for the end-to-end supply chain network is available and supported by HPA. Single- and Multi-stage Inventory Optimization can be performed in the HPA planning area. Target Inventory and Service Level predictions can also be calculated across the network within HPA. Features planned for future releases include procurement (new feature), as well as additional features for visualizing the IO results within Planner Workspaces using the SAP IBP web-based Fiori interface.

Time-series and Order-based Supply Planning are supported in HPA with some specific exceptions. The infinite heuristic and supply optimizer (without explanations) are available within Time-series planning in HPA, the finite heuristic and optimizer are available in HPA for Order-based planning. Key roadmap features for HPA beyond 2508 include, but are not limited to, synchronized planning, product substitution, shelf-life planning, subcontracting in time-series and Characteristics-Based Planning (CBP) and VMI in order-based planning.

Ariba integration with HPA is on the roadmap for future releases, all other standard integration scenarios are supported by RTI and CI.

IBP HPA adoption recommendation:

For new customers of SAP IBP, the recommendation is to adopt HPA while designing the solution. Short-term and long-term planning can be implemented according to the requirements matrix, aligning the adoption of business requirements in phases with the SAP roadmap for HPA releases. A modular implementation approach utilizing SAPIBP1 and SAP7F alongside SAPIBP2 can also be a viable option for customers to adopt in case they cannot wait for features which are later on the roadmap. RTI and CI are the standard integration solutions that are recommended for these customers.

If the implementation project is in the build or testing phase, it is recommended for such customers to continue with the solution using the existing planning areas (SAPIBP1 and SAP7F). SAP will release a migration tool (called Move2H) as of the 2602 release which will help customers migrate from SAPIBP1 and SAP7F to HPA. Planner upskilling and change management is required with the migration.

For customers going live soon or are already live with SAP IBP in SAPIBP1 and SAP7F, the recommendation is to continue with the existing solution. SAP will continue to support existing customers that have already deployed templates in SAPIBP1 and SAP7F. However, in case of new requirements, it is recommended to build in the new HPA planning area. Existing customers already using SAPIBP1 and SAP7F do not need to buy an additional license to make use of HPA, as it is a shift to a new planning area with new capabilities. However, customers will need to purchase an additional license to use Cloud Integration (CI) and Business Technology Platform Integration Suite (BTP-IS) with HPA. Adopting HPA and the common data model requires technical upskilling. SAP documentation for best practices, help and online training are be available by 2511 release as per SAP roadmap.

Benefits of HPA:

- Leverage a unified data model to drive process harmonization while planning across horizons
- Configure one planning area and data integration scheme, reducing implementation time and complexity
- Extend Real Time Integration to time-series based planning within HPA
- Integration with custom data attributes is enabled in HPA using Cloud Integration (CI)
- Visibility of Supply Chain KPIs across time-series and order-based metrics
- Faster decision-making in the S&OP process and better cross-functional collaboration within the business
- Simulations can be conducted with both time-series and order-based key figures in the same planning area

Conclusion:

SAP IBP HPA will introduce a new regime of planning, leveraging the benefits from both worlds of long- to mid-term tactical Planning and short-term operational planning. By adopting the **Harmonized Planning Area (HPA)**, Customers can ensure better alignment across supply chain planning processes. It enables end-to-end visibility, increase the efficiency and consistency of their IBP solution landscape, use HPA to improve S&OP process efficiency. Customers can aim to adopt the promising SAP IBP HPA, however they need to align their requirements and project plan according to the SAP roadmap of future releases for the Harmonized Planning Area.

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