



Leading Semiconductor Company: Realizing New Billion Dollar Configure-to-Order business Model

Solution & Implementation Case Study

Using discrete SKUs not scalable for configurable business. New VC data needed to integrate with SKU-based legacy systems

A semiconductor company with a traditionally discrete SKU-based business found themselves looking to expand into more integrated solutions by building custom server and data center solutions based on their high performance component products. The new business unit was launched with the team managing each quote as a unique configuration with the same discrete SKU-based processes and systems they had perfected over decades. The business model took off, customers loved it, but the approach was not scalable and business operations began to suffer.

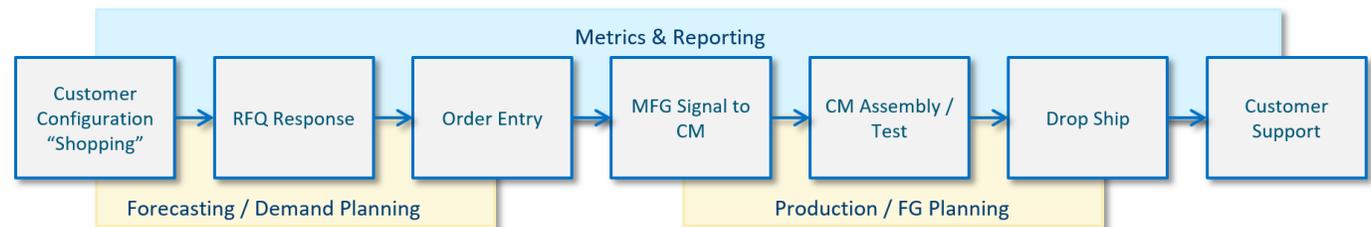
The configuration count grew exponentially and the team's ability to keep up with creating the Master Data at the time of the quote as well as tracking it through contract manufacturing was driving order leads times to be 3-4x longer than industry best practices.

With a new SKU for every config, the team could not accurately enable follow-up sales of the same config using the same SKU and the service/support team was unable to keep track of the duplication of config options to SKUs.

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Having never been in a configuration business, the company did not realize they had all of the technology to support this new business at their fingertips in the form of SAP's Variant Configuration (VC). The first step was to build out the Master Data and Super BOMs as the baseline for the customer options, along with the VC rules to support complex technical compatibility of the components. The ability to rapidly prototype configurations allowed SCMA to help the team focus more on the new processes and organization structures required to succeed in this new business with the resulting flow.



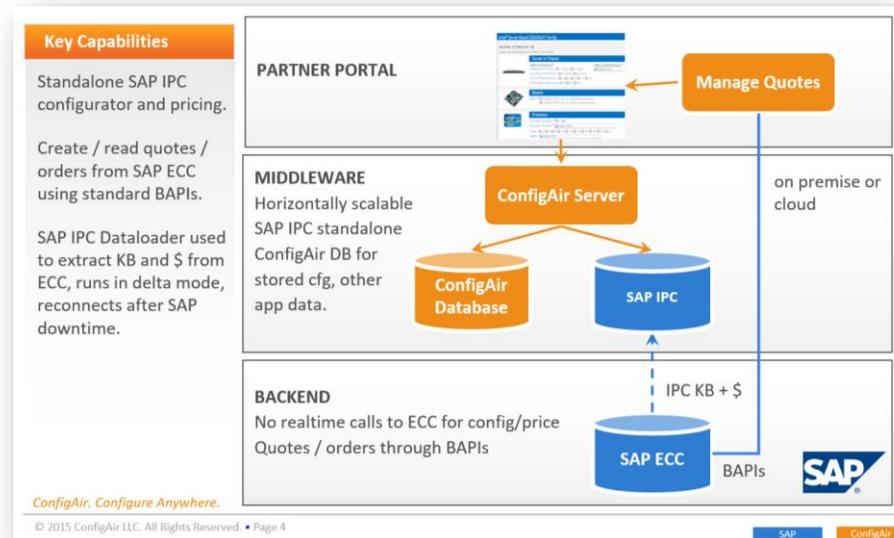
SCMA designed both the End to end flow to manage the quote process through to delivery and the technical enablement of that process on their existing SAP system.

Integration points to peripheral systems allowed the new VC data setup to merge with the rest of the company's discrete SKU-based, and often homegrown, systems.

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Beyond the setup within SAP, a key part of the solution was to deliver a portal where customers could self-service by creating valid/vetted configurations, submit for quote, see the price once quote was confirmed, and either accept (thus generating a sales order), or reject with reason codes, providing valuable insight back to the team’s marketing and operations groups. SCMA implemented a solution using out-of-the-box ConfigAir technology, designed with tight SAP VC integration, to quickly manage the cloud-based solution for quoting complex configurations.



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Time to market in seven months, billions of dollars running through the process, no scalability limits

SCMA lead the team through a phased approach leveraging Agile methodology to deliver incremental value with each monthly Sprint. The time from the start of the detailed design activity to the first successful configured quote was only seven months enabling the business team to start seeing results in the first quarter of their fiscal year. Some of the biggest hurdles were internal buyoff on the architecture direction and not complexity in the technical deliverables.

The post implementation activities centered around managing the VC master data as new options were enabled on existing configurations, as well as the release of completely new platforms with their own rules and components. The marketing and operations teams were able to manage and mine all of the data from quote to order to production to delivery with their existing SAP reporting platform encountering little to no transition complexity.

After only ten months of usage, ~1,000 customers were active on the portal generating over \$2B in quoted configurations





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