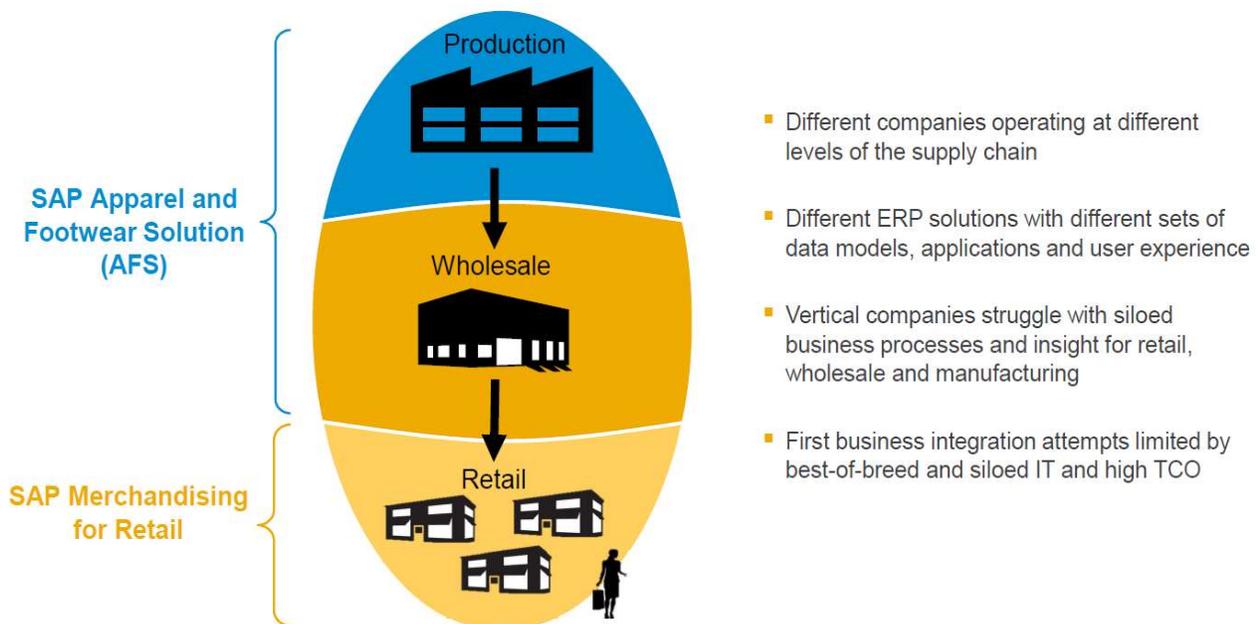# 1. S4 Fashion Overview

SAP S/4 HANA for Fashion and vertical business is a 'vertically integrated fashion solution' covering and harmonizing specific Wholesale, Retail and Manufacturing processes in one backend system based on the SAP S4 Retail.

SAP S/4HANA Fashion is a comprehensive ERP solution, designed to help fashion businesses to meet the demands of the digital economy. With a simple and intuitive interface, it provides fashion companies access to every aspect of their business.

The key benefits of using the SAP S/4HANA system includes:

➢ *Harmonizes the business processes between Wholesale and Retail.*

➢ *Optimizes Inventory offering in a Single, Transparent, Shared global view.*

➢ *Introduces common Master Data concepts.*

➢ *Leverages Multi-channel enabled aATP.*

➢ *Handles shortages and priorities with Order Allocation.*

➢ *Uses shared Planning and Purchasing processes.*

Traditional business and IT models in fashion

- Different companies operating at different levels of the supply chain

- Different ERP solutions with different sets of data models, applications and user experience

- Vertical companies struggle with siloed business processes and insight for retail, wholesale and manufacturing

- First business integration attempts limited by best-of-breed and siloed IT and high TCO

- ➢ Wholesalers and Manufacturers are expanding sales channels into Retail, digital and mobile.

- ➢ Retailers with strong brands are expanding sales channels into Wh. sale.

- ➢ Retailers realize they need more sophisticated solutions to get the value from long, global apparel, footwear and fashion supply chains.

Specifics of the Vertical Fashion Businesses and Current Challenges
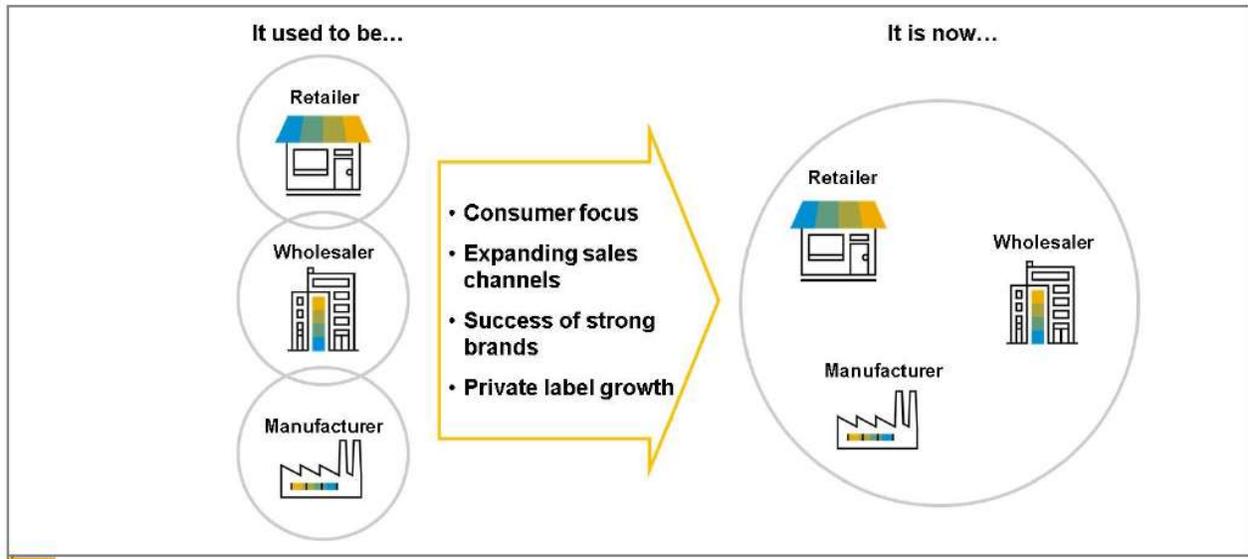
Features of S/4 Fashion:

Flexible Data Processing:

The solution supports companies to handle an accurate end-to-end flow of Articles across all relevant procurement applications. S4 Fashion enables data processing based on the characteristic values such as Style, Colour, Size, and other segmentation characteristics such as seasons and sales channels.

Multi Ship-to Order:

You receive demand for several customer locations in a consolidated way. The request is to either ship to the specified customer locations directly or to the customer's DC. Generally, a customer may include large corporate groups with many of their own intermediate distribution centers or ship-to customers depending on them. You can maintain regular business relations with all distribution centers of such a corporation.

Segmentation:

The solution allows you to categorize the Articles based on their physical and logical characteristics. For example, Colour & Size are physical characteristics and Quality & Country of origin are logical characteristics of a fashion article.

The requirement segment is important in Sales, for example, in sales orders and planned independent requirements. Stock segments are used for the logical distribution of the existing physical stock and the future receipts.

Multichannel Planning:

We can forecast future demand and procure supplies for multiple sales channels. We can also manage the demand of different channels separately, for example, Retail, Wholesale, e-commerce, or Franchise according to the channel-specific processes.

Supply Assignment:

Supply Assignment (Arun) ensures that supply is assigned to orders according to the changing requirements. In case of Short supply situation, supply assignment ensures an optimal assignment of supply to the open requirements and distributes available stocks to the respective sales orders or STOs.

Supply assignment offers options for minimizing losses due to inventory stock-outs by utilizing the visibility on the demand and supply situation.

Seasons Management:

In the fashion industry, seasons form an important accept in the product life cycle. All processes are controlled by Season Year, Season, collection / theme.

The Season workbench is used to create and manage seasons. You use the workbench to not only define, change, and delete season year, season, collection, and theme, but also to maintain sales and purchasing views for seasons and assign materials to the relevant seasons.

Application Variants:

Application variants control or restrict variants of an article for which sales orders, purchase orders, and stock transport orders (STO) can be created. You can use application variants to restrict the use of variants for sales or purchasing applications by creating a condition record.

Characteristic Value Conversion:

A characteristic of a fashion material can be measured using different standards or scales in different countries or geographical regions. For example, a shoe of the same size is considered size 9 in the UK while it is considered size 10 in the US. Hence, the shoe has both the sizes marked on it. To facilitate this, a characteristic conversion mechanism is necessary to ensure that on every fashion material, sizes in all the relevant size standards are correctly marked.

Characteristic value conversion only applies to variant creating characteristics that are attached to the generic material master.

Value-added Services (VAS):

Customers can request for special Labels, Packing according to certain criteria, or other Special Services for their goods. Depending on the service requested additional articles may be required. These services increase the value of the finished goods to be delivered.

The VAS services are determined in the application documents like sales order, stock transport order, purchase order. During special business processes in sales, such as Third-Party Order (TPO) & Purchase-to-Order (PTO), the VAS information is copied to the purchasing documents from the sales documents.

Distribution Curve:

The concept of distribution curves in SAP Fashion Management is the result of harmonizing the retail quota scale concept and the AFS dist profile concept.

In the Fashion and Retail industry, we have the need to automatically break down quantities from style or style/ colour level to style / colour / size level.

Pack Separate - Ship Together:

Fashion company receives multiple in-season orders from a big wholesale customer. The customer requests you to ensure the different orders are shipped together so that they can be received in a consolidated way in the customer's distribution center or store.

With this functionality, we can create grouping rules and use them to group items that need to ship together based on the customer's business rules.

The Overall SAP Solution and its Architecture