

# RIZING

## SAP ANALYTICS CLOUD USE CASE

**BI, Planning, and  
Predictive Analytics in One  
Integrated Solution**



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## Introduction

SAP Analytics Cloud (SAC) is a key “Intelligent Technology” in SAP’s vision for the Intelligent Enterprise. SAC is a SaaS product built on SAP Cloud Platform and powered by HANA in-memory technology. It offers a one-stop solution and an intuitive user interface to support various business needs, ranging from BI reporting and predictive forecasting to financial and sales planning, without having to launch multiple applications. This leads to fewer errors and lower integration efforts, while improving user experience and productivity. SAP Analytics Cloud gives the users the freedom to access the information they need when they need it. It can connect to multiple data sources (cloud and on premise) and enables users to access information and make decisions in real-time.

In this whitepaper, I will review one of the key differentiators of SAP Analytics Cloud: business intelligence extended by collaborative planning and predictive analytics in one integrated solution.

I would like to showcase how to leverage SAC’s core functionalities (Business intelligence, Planning and Predictive Analytics) through a simplified business use case about a current hot topic, the COVID-19 virus.

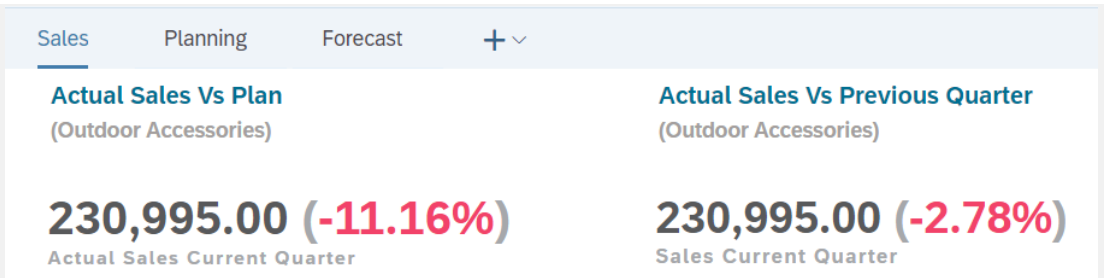
### The business use case covers the following SAP Analytics Cloud functionalities:

- 1** Leverage Business Intelligence functionalities to analyze sales performance  
Compare real time actual sales to sales plan  
Identify issues and abnormalities based on sales, returns and pricing trends
- 2** Leverage the Smart Assist features to identify root cause and key contributors
- 3** Leverage the Comments, Collaboration and Sharing features to work with cross-functional team members
- 4** Leverage the Predictive feature to run predictive sales forecast to account for the changed sales environment and update projected sales revenue for the next quarter
- 5** Leverage the Planning and Data Action functionalities to adjust the sales forecast and plan, copy planning data and execute complex calculations

Imagine John is a sales manager in the West Coast region, and he is concerned about COVID-19 impact on sales performance. He wants to understand how the business is performing and potentially update the sales forecast and sales objectives for the next quarter, if needed. He manages two product categories: Personal Care and Outdoor Accessories.

He has launched the “sales overview dashboard” created in SAP Analytics Cloud to review the real-time sales number on his product categories.

He first looks at the Outdoor Accessories category. Actual sales this quarter are, not surprisingly, below plan and lower than the previous quarter. He suspects it is related to COVID-19 because most of the states in his region had issued a stay-at-home order in March and banned large outdoor gatherings and many outdoor activities. However, he wants to confirm that sales are down for that reason, rather than just trusting his intuition. He looks at the following information in the dashboard:



The line chart displays trailing 12 months sales and returns information to help identify any abnormalities and temporary changes in demand.



The following chart, also from the dashboard, shows a trend of retail price over the past 12 months.



Based on the information shown in these charts, sales maintained a steady growth until January and then began declining in February. In March there was a dramatic drop in sales, which is consistent with the spread of COVID-19. At the same time, retail price, promotions, customer returns and other demand influencing factors all remained steady. This confirmed COVID-19 indeed had a negative impact on the sales performance of this product category.

Unlike the “Outdoor Accessories” product category, the “Personal Care” category saw a spike in sales in March. Quarterly sales are also significantly above plan and the previous quarter. Since COVID-19 started to spread in the US, demand for personal care products, such as thermometers and latex gloves, has increased significantly.

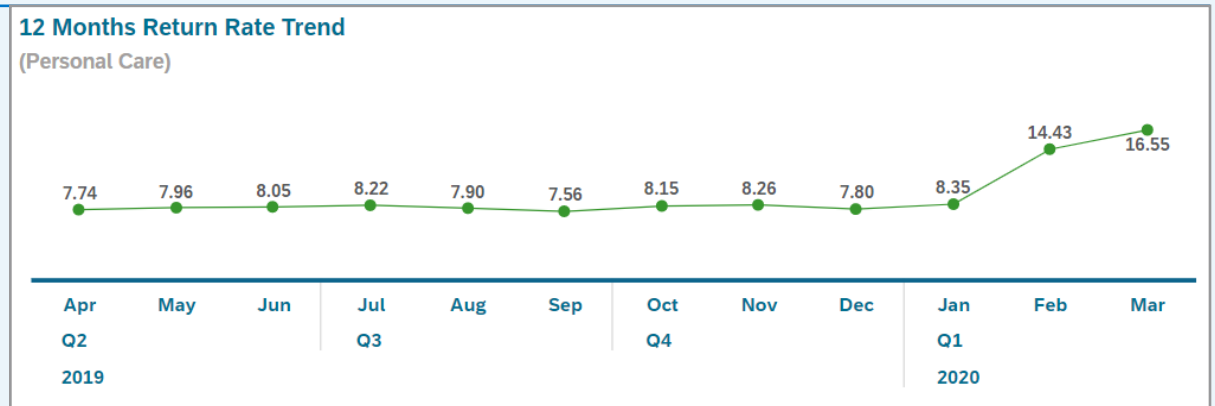
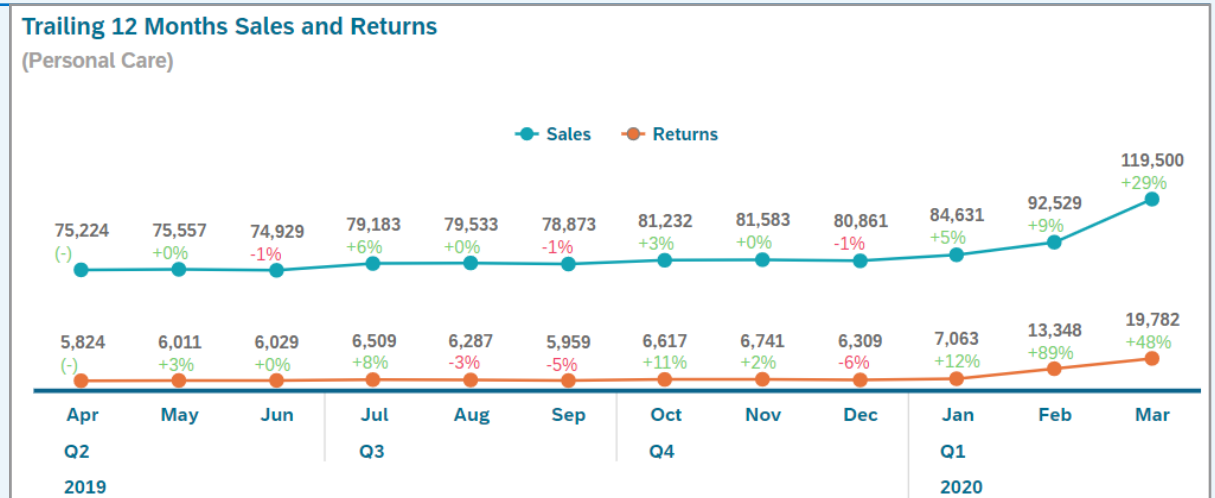
**Actual Sales Vs Plan**  
(Personal Care)

**296,659.00 (+13.50%)**  
Actual Sales Current Quarter

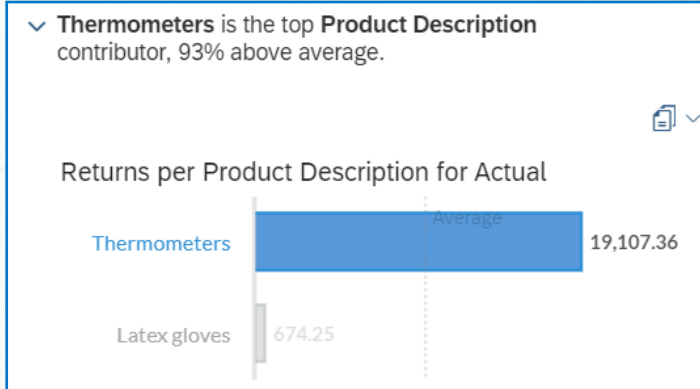
**Actual Sales Vs Previous Quarter**  
(Personal Care)

**296,659.00 (+21.74%)**  
Sales Current Quarter

After looking at the trailing 12 months chart, however, John notices that the volume of returns has also increased dramatically in Feb and March. He now is curious to better understand what caused the high return rate so he can address the underlying issue.

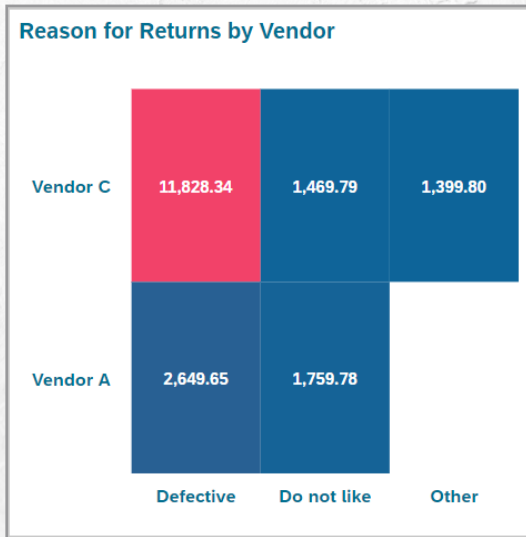


John uses the **Smart Insights** feature in **SAC** to help him quickly identify the root cause. He learns that one of the products (thermometer) has the highest customer returns. To investigate further using **Smart Insights**, he learns that the main reason for a return is a defective product. He is also able to see that the main supplier of this thermometer with a high defect rate is Vendor C.



**What are the top contributors?**

- > **Defective** is the top **Reason for Return** contributor, 127% above average.
- > **Vendor C** is the top **Vendor** contributor, 54% above average.



He knows that his company has recently switched to this supplier for the thermometer because their pricing is more competitive. It appears though that this lower price point comes at a cost - there is an issue with the quality of the products. John uses the collaboration features in **SAC** to contact the buyer of this product (Lisa) so she can take action to resolve this issue.

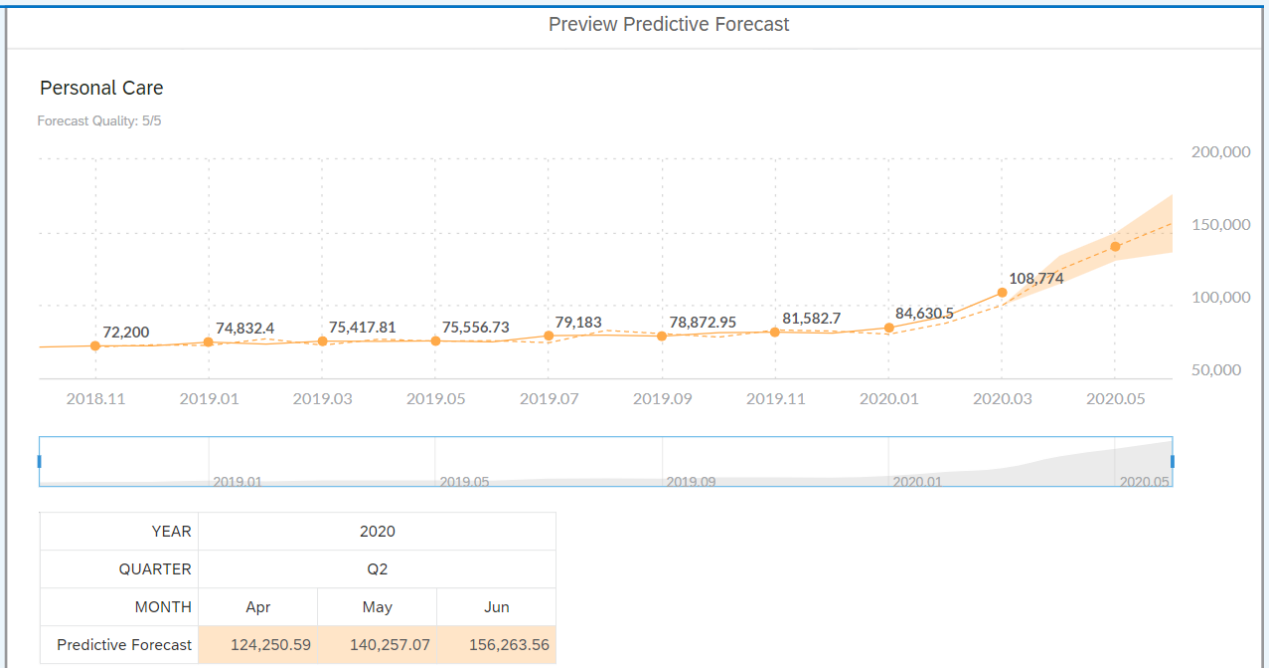
Comment

Hi Lisa, can you please take a look this chart? There appears to be an issue with the quality of the thermometers supplied by Vendor C. Thanks!

Place Comment

Since COVID-19 had an unexpected impact on both of his product categories, John wants to adjust the sales plan and forecast accordingly.

Both product categories initially had a target quarterly growth rate of 8%. He wants to re-run the forecast to account for the changed sales environment and update projected sales revenue for the next quarter. He uses the Predictive Forecast feature in SAC to generate the forecast. SAP Analytics Cloud Predictive Forecasting gives users an unbiased understanding of their key business influencers; it considers different values, trends, and fluctuations in the data to make accurate predictions. Users can then use these findings to influence business decisions and automate manual processes along the way.



John expects the COVID-19 situation will start to improve in June, and based on the proposed forecast data, he expects a growth rate of 50% in the personal care category and only 5% in the outdoor accessory category for the second quarter of 2020. He goes ahead and adjusts his sales plan accordingly and updates the sales objective, utilizing the Planning functionalities in SAC. John uses the **Data Action** functionality in SAC to copy **planning** data and re-run several complex calculations for his sales region.



**Data Actions** are processes in SAC Planning that allow the user to trigger sequences of copy and paste actions and complex calculations on planning data models. It enables business users with no expertise in programming to create advanced formula scripts using the visual tool by dragging and dropping visual elements.



The image displays three overlapping screenshots from SAP Analytics Cloud:

- Top Left:** A table titled "Quarter over Quarter Growth Rate" showing a value of 392,500.00 with a +50.11% change. Below it is a data table with columns for quarters (Q, P, Q, R) and rows for months (Apr, May, Jun) in 2020.
- Top Right:** A "Copy Planning Data" dialog box with fields for "Target Version" (set to Plan), "Copy From", and "Copy To". It includes "Run" and "Cancel" buttons.
- Bottom:** An "Advanced Formulas" configuration window for a formula named "Calculate Growth Rate". It shows a context of "Date (1) 2020" and a variable "Run Growth Calculation US West Region" with a "When US West" condition and a "Repeat for Each Quarter" setting.

(Advanced Formula function in Data Action)

## Conclusion

In the above business scenario, John used SAP Analytics Cloud to help him understand COVID-19 implications on his business so he can plan accordingly. He utilized the core features of SAC to analyze the information, to identify the issues and abnormalities, to run a predictive sales forecast, and to adjust the sales plan through a collaborative, single cloud solution.

SAP Analytics Cloud can provide quick wins by bringing data, functionalities, and solutions together. The functionalities are built for various types of users and roles in the entire company. The technology puts analytics, planning capabilities and data insights into the hands of business users to help them make swift and well-informed decisions.