

What Is SAP AFS?

SAP AFS is SAP's specialized Apparel and Footwear Solution. SAP AFS is an industry-specific software solution based on SAP standard modules, but built with extra functionalities. Those extended features and functionalities help to support the various special requirements of the apparel and footwear industry.

The apparel and footwear industry is highly competitive and fragmented due to low barriers of entry. So it is one of the most competitive and demanding industries that exists in all of retail. Because of the constant challenges and high demand within the global AFS business environment, retailers are frequently creating new trends and battling against the relentless pressure of high costs and changing lead times. Adaptability is crucial in order to remain competitive.

To help retailers combat against the numerous challenges of the apparel and footwear industry, AFS provides a unique set of services and solutions that help empower business partners, employees, and customers, allowing them to work in successful partnerships. SAP AFS is available on-demand from any location and across any platform (such as mobile e.g. with SAP FIORI). Allowing for the use of the latest SAP technology and infrastructure, AFS is an obvious solution for companies in the apparel and footwear industry.

Specific Apparel and Footwear Industry Challenges

The apparel and footwear industry is truly global in scope, in that manufacturers can now sell different products that are produced in different countries and spanning many different continents. A global procurement strategy requires processes combined with offshore and contract domestic production processes. This combination of domestic plus nearshore plus offshore production often create complex, inefficient and hard to monitor value chains.

To remain competitive, apparel and footwear companies must assume the role of coordinator (for internal processes) and focus also on intercompany processes. This means a major turn for those companies, shifting their main focus and competencies away from pure production and more onto planning, controlling, and textile monitoring in the overall value chain.

Areas of more importance, such as production planning, product development, control and coordination, quality assurance, finished goods and raw material requirements planning, and transport optimization are most often kept at central headquarters. This more vertically integrated approach makes partner collaboration and data flow in the textile supply chain complicated, but extremely critical to the success of companies in the apparel and footwear industry.

Other major challenges retailers face are labor and outsourcing problems. Outsourcing and multilevel division of labor are common practice in the apparel and footwear industry. Companies optimize their production processes in order to cut costs and achieve financial success. Automation of the production of shoes and clothing can also only be done to a certain degree and level, which quickly limits savings potential.

Because of this limited savings potential, companies began outsourcing their product production to lower wage countries – reducing costs, but compromising quality and production process transparency. Largely spread out global production locations naturally complicate production process supervision and monitoring, resulting in more expensive and longer transportation routes and unmet production delivery deadlines.

Finally, due to the fact that the fashion industry is constantly and sporadically changing, seasonality is one of the most important aspects in the apparel and footwear trade. Companies must be able to cope with the unpredictable seasonal fluctuations, variations in design, forecast uncertainty, shortages in stock, and inevitable costly markdowns in prices.

SAP AFS Advantages

SAP AFS helps resolve a lot of issues that appear due to seasonality, mentioned above. Any one product can change characteristics based on the various seasons throughout the year- colors can change, along with label details, for example. Being deeply rooted in the Sales and Distribution (SAP SD) module of SAP, seasonality affects the entire supply chain within a company. SAP AFS allows for season settings to be maintained in combination with aspects such as category, color, and size. This allows companies to effectively manage and maintain large volumes of seasonal industry-specific data.

There is also AFS' special ability to handle material sizes through the use of material grids in SAP's Material Master module (SAP MM). These grids are three dimensional and can maintain three variables within a given grid value. For example, products can be separated by size, seam length, and collar size through the use of these grids. All three variables will be maintained independently, but can also be combined to create a unique grid value, reducing complexity and data volume.

Another great feature of SAP AFS is the ability to categorize products based on their common features, such as quality grade and importing country of particular products. Different products will have different market values as well as customer demand patterns, which can easily be replicated using these categories. The supply and requirements will also be allocated through these categories.

Some additional advantages of SAP AFS are those in Sales Order Processing such as Fast Order Entry, Rush Orders, Credit Card Processing, and Value-Added Services. Currently, SAP AFS is scheduled to be supported by SAP through the year 2020, with some major changes coming; which will be explained later on in this article.

SAP IS-RETAIL

SAP IS- Retail provides features for the products, information, and personalized shopping experiences that retail shoppers are looking for. Retail management and SAP's omni-channel commerce software allow for consumers to shop when and where they want, reaching shoppers across any channel such as retail stores, online stores, mobile stores, telephone, etc. Real-time customer and point of sales insights allow retailers to harness the visibility they require in order to optimize everything from merchandising to their entire supply chain.

SAP IS-Retail includes two main categories; (1) Fashion and (2) Food, Drug, and Convenience. The fashion spectrum of SAP Retail helps those in the fashion industry simplify their vertical business and prepare for growth. Integrated SAP software helps boost supply chain collaboration, shorten the time from product concept to customer, and offers end-to-end flexibility, speed, and visibility. Automated and efficient processes help retailers reach their business goals using few resources and less money-allowing them to zero in on customer needs, as well as great customer service, and overall customer experience.

The Food, Drug, and Convenience spectrum also helps companies to meet product expectations, information, and engagement. This on-demand SAP solution provides direct communication with customers, across various sales channels and platforms. This allows for a single real-time retail platform that can be used for anticipating specific customer needs, as well as support that enables businesses to provide solid product delivery times to investors.

SAP FASHION MANAGEMENT

AFS was primarily designed for those companies dealing in the manufacturing industry. For companies with business in various areas of retail, it was difficult for them to manage and maintain the entire supply chain from goods manufacturing to product placement and sales. Both SAP solutions, AFS and IS-Retail, have lots of great features but each solution addresses problems differently.

When a company requires both solution flavors, problems often occur, such as requiring a solution optimized for production transactions as well as another focused on distribution and retailing. When this occurs, does a company choose one solution that works best, or do they implement both, using them together side-by-side? To help create a more holistic picture of the entire data flow process, SAP invented a new solution- SAP Fashion Management.

SAP Fashion Management (SAP FMS) is an integrated SAP solution that combines SAP AFS with SAP IS-Retail. Developed in HANA's Big by Business Suite, Fashion Management blends manufacturing business processes with retailing, and cultivates them into one single vertical solution. First released in June 2014, when SAP joined forces with Adidas, Tommy Hilfiger, Armani and Luxotica, this new solution enables companies to manage their business processes across one single larger system landscape. FMS is very similar to SAP ERP IS-Retail with AFS Functionality ported via an Add-on.

SAP Fashion Management was created as an Add-on for SAP IS-Retail within SAP ERP, and is based on various components of Materials Management (Inventory Management and Purchasing), Logistics, and Sales and Distribution (Sales). SAP FMS contains many of the functionalities of AFS, but also includes completely new functionalities that were created to help support multi-channel business around the globe. Through SAP FMS sharing key processes over a global inventory, new key benefits for businesses are those such as higher customer satisfaction, fewer chargebacks from customers, and lower inventory.

A few examples of the exciting new features now available through SAP FMS are:

- Customer Centric Marketing and Merchandising
 - Marketing and Merchandising Insight
 - Omni-channel Marketing
 - Merchandise Planning & Assortment Management
 - Pricing & Promotions
- Sourcing, Buying, and Private Label
 - Sourcing, Vendor Management, Insight
 - Buying
 - Private Label
 - Collaborative Retail
- Supply Chain
 - Supply Chain Insights
 - Demand and Replenishment Planning
 - Omni-channel Inventory & Order Management
 - Logistics and Fulfillment
- Omni-commerce Customer Experience
 - Customer Insight
 - Omni-commerce Orchestration
 - Customer Engagement & Personalization
 - Store and Digital Commerce
- Human Resources
 - Solutions for HR
- Finance
 - Solutions for Finance
- Platform and Technology
 - Solutions for Platform and Technology

It's important to note that SAP FMS is only available through SAP HANA. This is due to the fact that the amount of data to be processed in production and retail is huge and must be delivered through a unified platform. A second reason is that the additional developments for SAP FMS must be built to leverage the new database reality. By using SAP HANA, it is possible to build new applications that were not available previously.

The Future of AFS and FMS

FMS is an obvious go-to solution for new customers in the fashion industry and is set to have AFS fully integrated by late 2015. With AFS only being supported by SAP through the year 2020, the move to FMS is evident for those in the apparel and footwear industry. However, for already existing AFS customers, the transition must be adopted at a slower gradual pace as they evaluate their current needs and make the required changes over to FMS. To help already existing AFS customers, SAP has released several tools available to help them transition smoothly from AFS to FMS.

If you would like to obtain further information regarding the migration from SAP AFS to FMS, IS-Retail, or SAP HANA please contact us at 1 (484) 401-7218 or via email at info@blackvard.com to schedule a free consultation with one of our expert consultants.