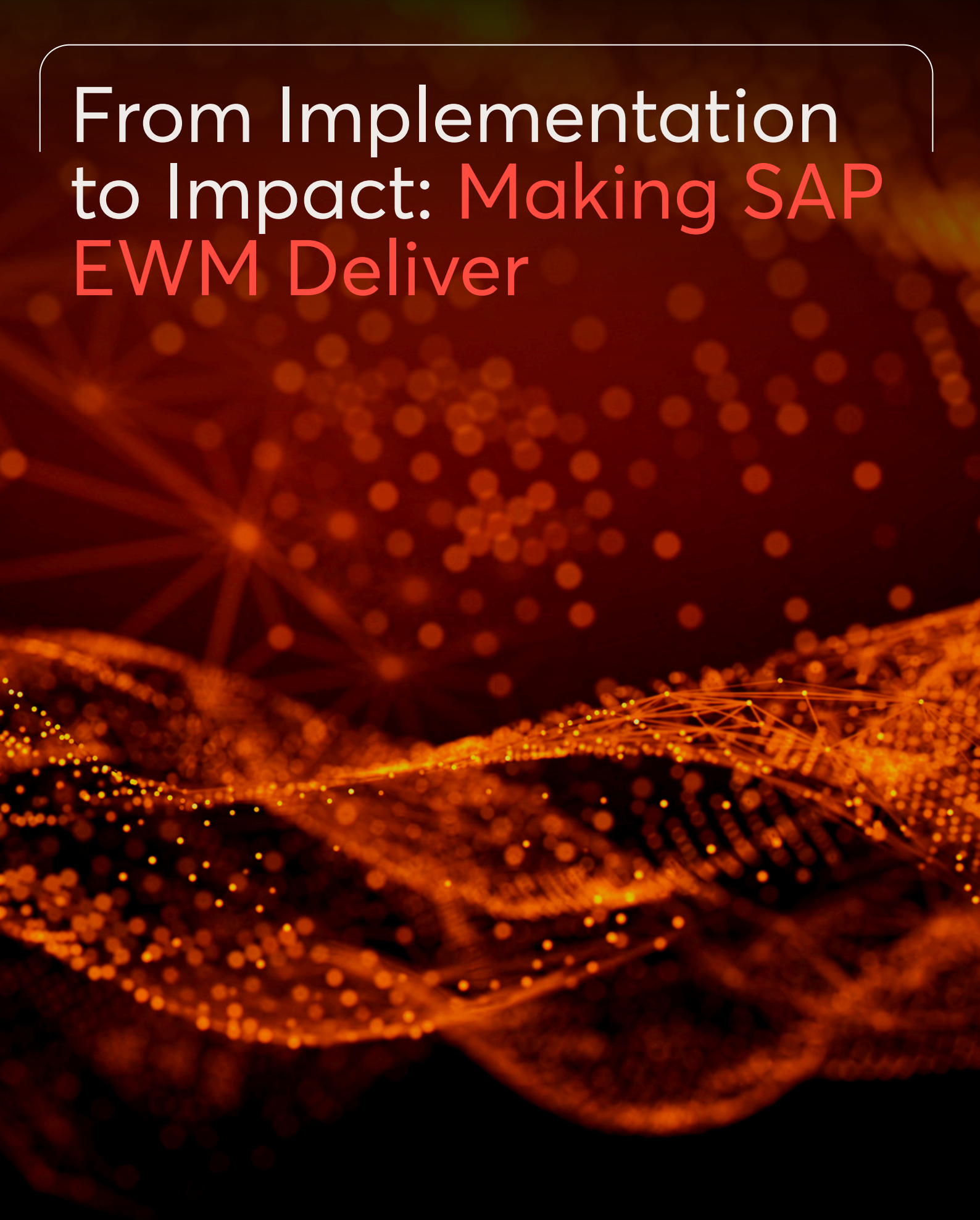
From Implementation to Impact: Making SAP EWM Deliver



How leading organisations move beyond go-live to achieve measurable gains in warehouse productivity, and cost.

Executive Summary

Through real-world experience, this whitepaper demonstrates the transformative impact of SAP Extended Warehouse Management (EWM) on business operations. This insight is pivotal for organisations seeking to harness the full potential of EWM and drive productivity gains.

The whitepaper also highlights common pitfalls in EWM implementations, emphasising the critical role of leadership involvement, workforce readiness, and the integration of technical components in successful implementations.

Developed by NEOS, the supply chain technology specialist arm of Argon & Co, the whitepaper is a comprehensive guide for organisations aiming to navigate the complexities of EWM and achieve sustainable operational excellence. It reflects our decades of expertise in implementing and optimising SAP solutions.

The History of SAP Extended Warehouse Management

Since its inception in late 2005, SAP EWM has undergone a significant transformation from a basic warehouse solution within SAP Supply Chain Management to a robust tool capable of addressing complex high-volume logistics operations.

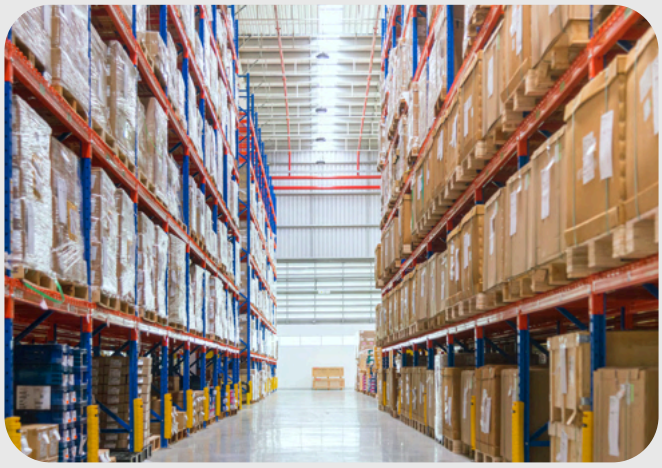
The initial version aimed to provide an upgrade path from SAP Warehouse Management (WM), and within a decade, expanded its functionalities with Labor Management, Material Flow Systems, and automated warehouse control.

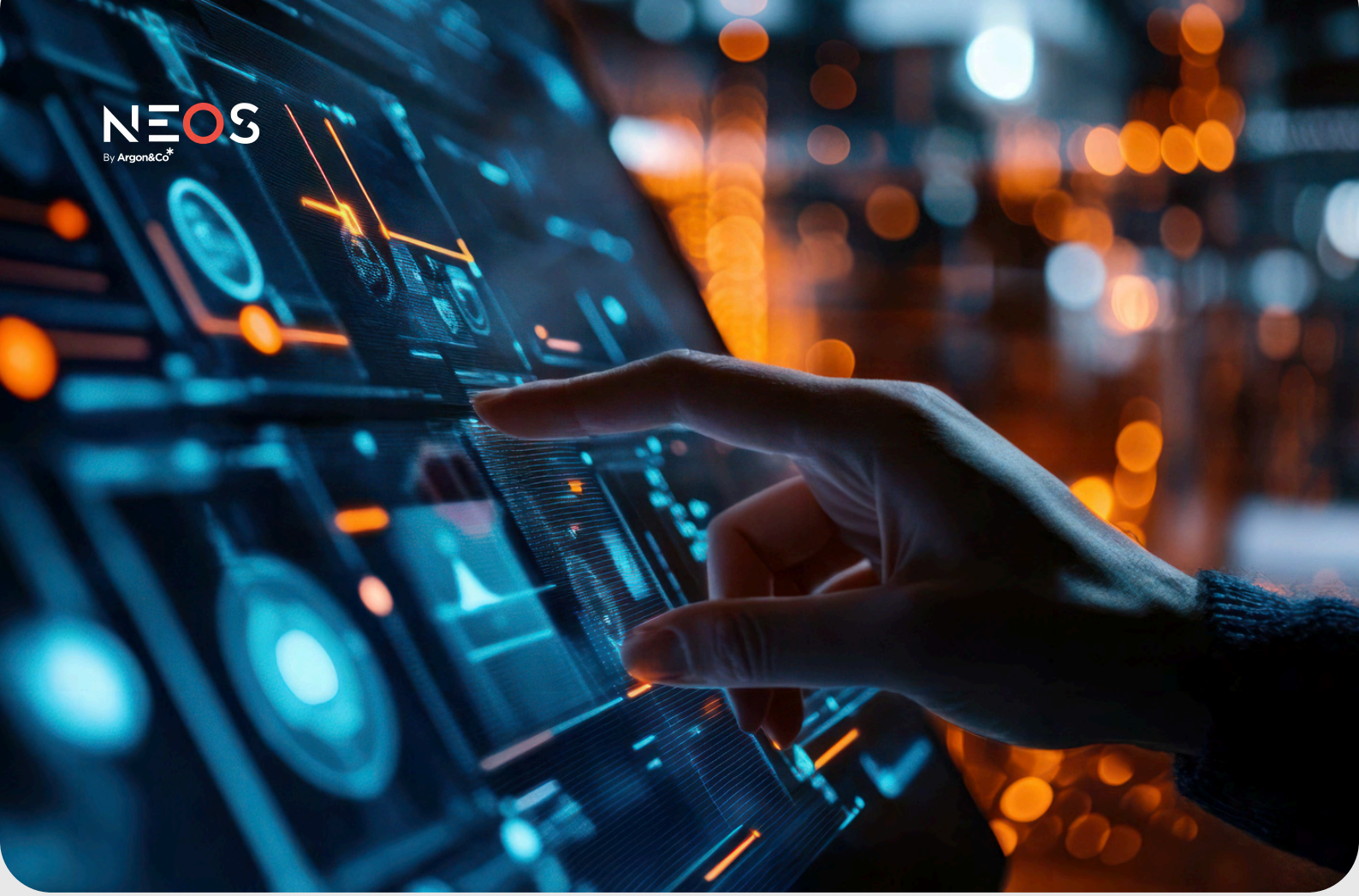
The evolution continued with the release of version 9.0 which allowed SAP EWM to operate as a standalone solution, enhancing its integration with SAP Transportation Management (TM).

A pivotal shift occurred with the launch of SAP S/4HANA, bringing EWM into "the core" and increasing deployment options and cloud capabilities, with options for Fiori. Through these developments, SAP EWM established itself as a mature, decentralised, and standardised solution, and solidified its role as a critical component in optimising warehouse operations.

Today, SAP EWM is a leading cloud solution, setting the stage for a future characterised by AI-driven and cloud-centric logistics. Its evolution towards a sophisticated hub for modern warehouse operations is marked by integration with the Internet of Things (IoT), advanced robotics, and predictive analytics, enabling smart, real-time, and highly automated processes.

While SAP aims to standardise implementations utilising best practice SAP tools, some complex warehousing environments often require real-world approaches beyond simple standardisation.





How SAP EWM Fits Within the Wider SAP Ecosystem

Importantly, EWM is architected to operate standalone, even in an embedded environment, in order to maintain business continuity. This means it can process data independently from the ERP system, offering limited functionality when the ERP experiences downtime.

Our team has continuously monitored EWM's development, building our own robust capabilities to support its evolution since its inception. We've witnessed that over time, the embedded version of EWM has gained prominence, often being implemented as part of broader SAP finance transformation projects.

However, this shift has led to EWM sometimes being enveloped within larger S/4HANA implementations, potentially detracting from the focused attention required to optimise warehouse operations with the new solution. And whilst the evolution of SAP EWM has brought new functionality in an SAP ecosystem, implementing this solution is not always straight-forward and understanding potential challenges is crucial in maximising the system's potential.


NEOS
By Argon&Co
Build Smarter Supply
Chains with SAP

SAP EWM Implementation Best Practice

Get Your Leaders Involved

The most prevalent characteristic of poorly executed SAP EWM implementations is the lack of leadership involvement, which is an issue we have observed repeatedly. To ensure success, it is critical that stakeholder alignment extends beyond IT to encompass operational leadership. It's not merely an IT project, therefore it's imperative that the business comprehensively understands how the SAP EWM system functions and the implications for teams and sites.

Moreover, focus should not be limited to the warehouse team alone. The impact of SAP EWM extends far beyond picking, put away and intralogistics operations right through to the quality team, S&OP, planning teams, sales, manufacturing and production. Leaders across these functions must be proficient in warehouse management to effectively manage stock, understand inventory locations, and ensure seamless collaboration for accurate business operations.

Take Time to Understand the Solution

Transitioning from SAP WM to SAP EWM is not a carbon copy, so it's critical to invest time in understanding the construct of SAP EWM. Equally as important is a well-thought-out warehouse design, which plays a pivotal role in the system's performance and effectiveness.

Unlike SAP WM, SAP EWM operates as a standalone product, maintaining its inventory while communicating with the ERP system. Consequently, discrepancies between the ERP and WMS inventories can emerge. The question arises: What should be the single source of truth for the team to operate and sell accurately?

We recommend treating EWM as the operational system of record, and SAP S/4HANA as the financial system of record. Both are important pieces of the puzzle, but having a single, reliable source of truth for goods movement is key to preventing discrepancies and aligning operations to the shop floor.

SAP EWM Implementation Best Practice

Things Will Need to Change

The adoption of SAP EWM necessitates a reassessment and potential restructuring of your workforce, training programs, and operational processes. Traditional work instructions and training that do not align with EWM-enabled methodologies must be updated. In an EWM environment, a warehouse manager must develop a deeper fluency in the system, encompassing roles and responsibilities, checks and balances, and an understanding of system functionality. This requires a shift in focus towards a system-oriented perspective.

Supervisors must be equipped to embrace their new and enhanced roles, ensuring they can navigate the SAP EWM system. Comprehensive training is essential to facilitate this transition and to harness the full potential of EWM.

No Solution Exists in a Vacuum

To achieve optimal results, it is essential to integrate a suite of solutions encompassing hardware, software, and applications, along with connectivity and hosting capabilities. The seamless operation of these components is crucial, as latency or logic issues can arise across ERP, material flow systems, voice picking, RF scanning and automation interfaces.

Understanding how these moving parts interact on the shop floor is vital. Transitioning to EWM demands a higher level of technical aptitude and capability. With the introduction of more technology, warehouse support roles gain increased importance in executing tasks effectively.


NEOS
By Argon&Co
Connect Technology to
Real World Operations

Some Tips for Successful Implementation

Accomplishing Logistics Transformation

Implementing SAP EWM necessitates a strategic "crawl, walk, run" approach to ensure successful integration. The "crawl" phase focuses on establishing fundamental inbound and outbound processes, while the "walk" phase initiates advanced functionalities such as RF scanning and wave management.

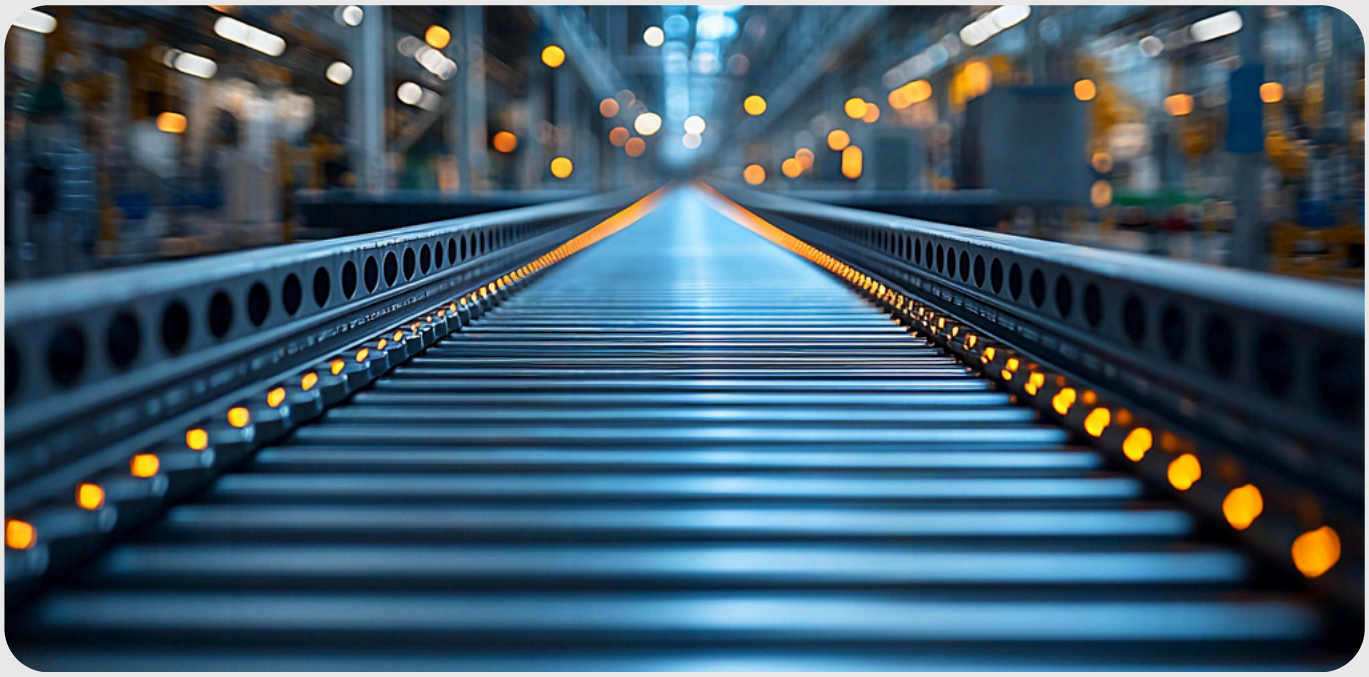
The "run" phase supercharges operations by incorporating cartonisation, voice picking, material flow systems, and other automation technologies.

We use this methodology to embed basic standards that align with the warehouse's operational framework to set a solid foundation for these progressive enhancements.

"While SAP is the global market leader in supply chain platforms, Gartner and industry research indicate that over 70% of transformation programs fail to fully meet their objectives, and only a small minority of supply chain transformations achieve full capability uplift."

Source: Gartner "Enterprise Resource Planning to Optimize Operations"

Some Tips for Successful Implementation



Realising Business Benefits

It's essential to measure and quantify the impact SAP EWM is having on your business. After going live, it's common to experience an adoption curve - an initial dip in productivity followed by recovery. The key is to monitor the duration of this dip and its long-term impact on the business. If, following the hypercare phase, productivity levels do not return to or exceed previous benchmarks, it may indicate underlying issues.

When implemented correctly, SAP EWM can significantly boost productivity. But, if expected gains are not realised in the allotted timeframe, this should raise alarm bells, prompting a thorough review to identify and rectify any problems.

Having the support of a team like NEOS by Argon & Co. provides your organisation with decades of combined experience in complex SAP logistics environments. We work alongside organisations throughout the journey to help embed new ways of working, sustainable processes, and modern supply-chain practices.

Some Tips for Successful Implementation

From our observations of successful EWM implementations, while SAP statistics provide a useful baseline reflecting market insights, there's more to operational success than software alone. The true measure of achievement lies in real-world outcomes and actual client case studies, which illustrate the true impacts of effective implementations.

Drawing on our diverse range of client projects, some real-world achievements and insights gained through successful EWM adoption, include:

60%
Reduction in temporary labour

90-99%
Case-fill performance from 90% to 99%

87-99.1%
Inventory Record Accuracy (IRA)

12%
Saving cost on transport, packaging and customer service

80-95%
Perfect Order DIFOT

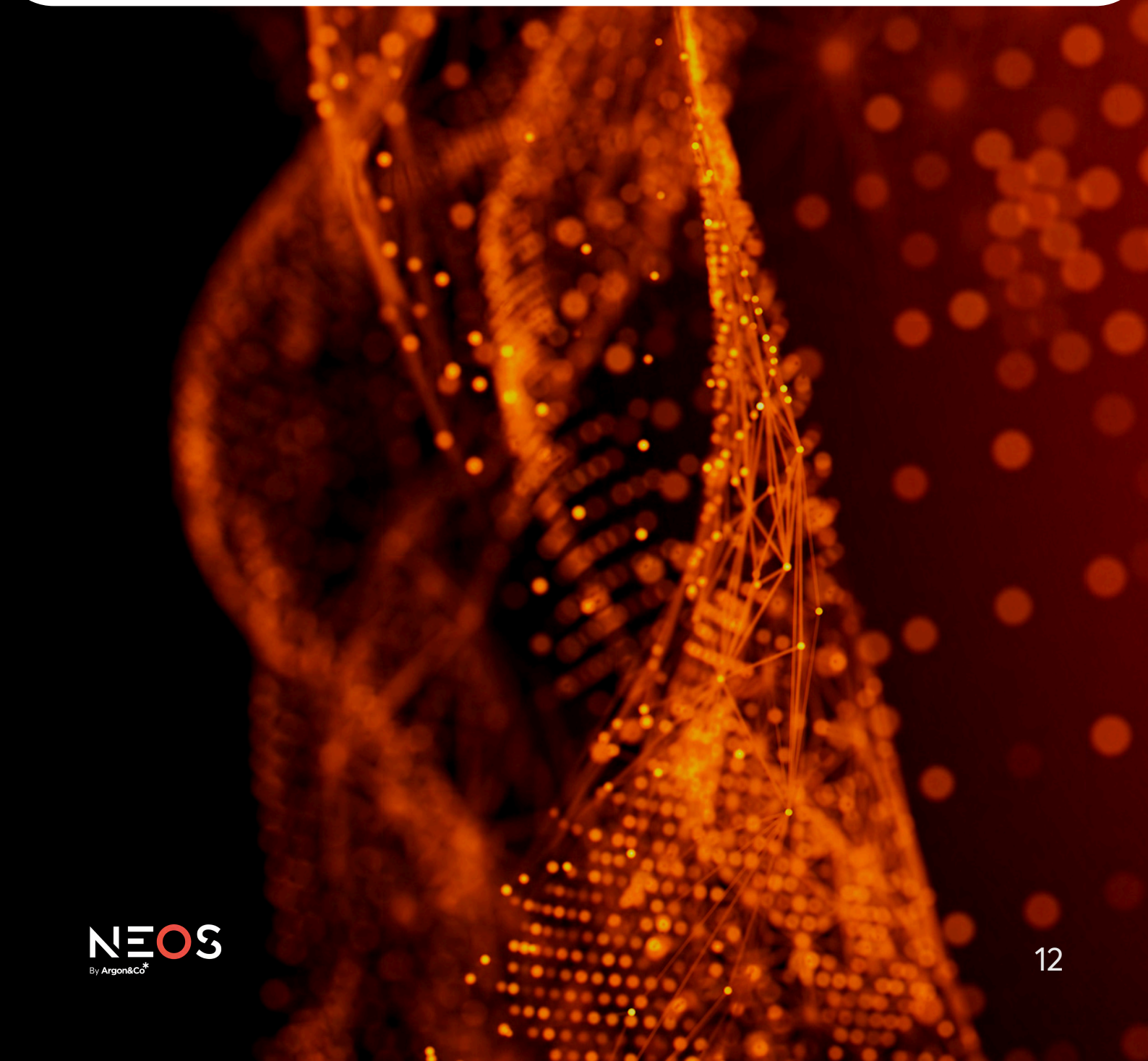
60%
Reduction in claims

Acknowledgements

This whitepaper has been developed collaboratively by our SAP NEOS by Argon & Co. team.

Our team has decades of combined experience delivering and remediating complex SAP warehouse, transportation, automation, and inventory-orchestration solutions for some of the region's largest and most recognised organisations.

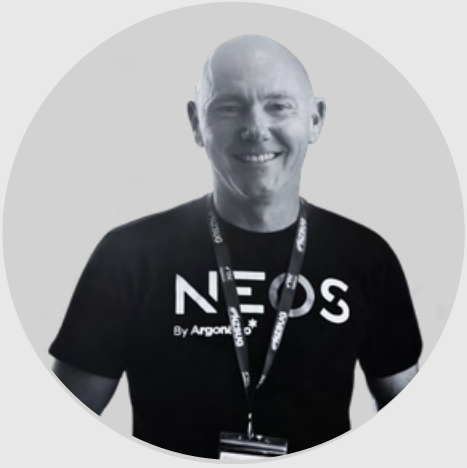
We work alongside our clients throughout the journey - coaching and enabling teams while implementing the right technologies to embed new ways of working, sustainable processes, and modern supply-chain practices.



About NEOS by Argon & Co

NEOS is the supply chain technology specialist arm of Argon & Co. We bring together leading technologies, deep technical expertise, and experienced practitioners to deliver successful, enterprise-grade systems implementations.

We are experts in full-lifecycle SAP EWM implementations and re-implementations, having extensive experience in remediating EWM configurations and enabling a fully optimised, fit-for-purpose, solution.



Johnny Balich
SAP Practice Lead - ANZ
johnny.balich@neosbyargonandco.com

Matt Vaughn
Alliances and Market Development
matthew.vaughn@neosbyargonandco.com

NEOS

By Argon&Co*