What is SAP Advanced Returns Management?

The Advanced Returns Management (ARM) solution of SAP provides the process efficiency and transparency needed to meet today’s expectations of companies to support the returns process.

SAP ARM is a business function within the existing SAP Enterprise Central Component (ECC) and SAP Extended Warehouse Management (EWM) environments and brings out-of-the-box processes and functionalities for returns management, covering both supplier returns and customer returns.

Retuns Overview

Employees involved in processing returns can use the Returns Overview transaction to monitor the returns process. This transaction provides an overview of all the process steps, all the follow-up documents created, as well as information on the status of logistical processing and refunding. ARM herewith offers more transparency and overview on the entire returns process.
Material Inspection
Simplified material inspection transaction to enter inspection results for returns deliveries.

Definition of Logistical Follow-Up Activities
Use logistical follow-up activities, already during return order entry, to specify how the products should return and what the final destination will be. ARM allows returning products via different warehouses before reaching the final destination for inspection. Even after inspection, the logistical follow-up activities can include the move of goods to other locations (e.g. supplier, customer or other warehouses).

Automatic Creation of Follow-Up Documents
The system can automatically create follow-up documents based on the settings for logistical follow-up and refund control. Examples of follow-up documents are returns stock transport orders, returns purchase orders, inbound and outbound deliveries and goods movements.

Returns Refund Determination
ARM allows companies to specify when and how customers are refunded, as well as how much will be refunded. ARM makes it possible for companies to include “penalties” for damaged goods or extra services (e.g. repacking) that are then automatically deduc
What are the advantages of SAP ARM vs the traditional SAP returns flow?

SAP ARM introduces much more options to move goods along the entire supply chain, integrated from customer via one or more warehouses to suppliers and back. At each step in the process, the next logistics follow-up activity for returned goods may be decided.

Customers want to know exactly how they can return goods, how much they will be refunded, and when exactly those refunds will be paid. SAP ARM is able to achieve this, which leads to long-term customer satisfaction.

Speed and transparency in the refund process are important to the customer. SAP ARM offers possibilities to determine when and how much customers will be refunded. Options are available for immediate refunding or refunding only after products have been inspected. The latter gives companies the possibility to automatically adapt the refund amount based on the inspection results.

The inspection of the returned materials is an important aspect of the returns process. As such, a new returns specific inspection transaction is integrated into SAP ARM, thereby providing accurate information to customer queries and standardizing quality of products without having to set up the QM module.

Thanks to the embedded integration with SAP EWM, the warehouses running on SAP EWM benefit from the advantages of SAP ARM. Once the return arrives at the warehouse, the returned products are automatically routed to a returns area for inspection. Depending on the inspection results, follow-on warehouse tasks may be triggered to the final putaway area or to a rework or scrap work center.

The tracking process in returns management has been improved with easier monitoring of logistics and refunding status thereby benefitting the customer.

Are there any limitations with SAP ARM?

As SAP ARM is a relatively new business function, there are a couple of limitations companies need to be aware off prior to engaging on a SAP ARM project:

• The functionality that supports difference postings for returns in SAP EWM has not proven to be efficient and in a next release of the software, further enhancements should be embedded to allow for an easier goods receipt reversal.

• Business rules for return order acceptance are limited and require companies to build their own logic through user exits.

• At this moment, there is only limited functionality to support the return of serialized products.

• The return of products that were delivered as kits is currently not supported.

• In industries like Life Sciences and Pharma where quality inspection and the follow-up of return items are more stringent. Companies may still require quality management to meet the demands of the customer.

• Optimize returns policies to save cost: In order for SAP ARM to be accepted by customers, they must be made aware of the realized cost savings, as a result, of implementing such a process. The implementation of SAP ARM must therefore run in parallel with a returns policy review project.

• As with every new product, SAP releases SAP notes regularly to resolve bugs in the software.

How does SAP EWM integrate with SAP ARM?

The new possibilities in the return process in SAP EWM created by SAP ARM revolve around an integration of the Logistical Follow-Up concept. The concept may be determined after an inspection conducted in the receiving warehouse or directly at Return order creation, e.g. should a business rule dictate that a certain product must be scrapped without inspection upon its arrival.
How can Deloitte help?

The benefits that the SAP ARM solution and its integration with SAP EWM can bring to organizations are real and demonstrated. While it takes considerable technical know-how to realize these benefits, a deep understanding of the underlying business reality is even more important. Deloitte excels in both areas. We are widely recognized for our ability to bring real business insight to every engagement, and we bring our long history of implementations of SAP solutions. In practical terms, that means we are frequently able to help clients define and implement their claims and returns management and warehouse handling processes quickly – and get on the fast track to realizing benefits.

Here are a few of the services we offer:

• Solution road map and strategy in order to minimize rework or redundant investments
• Claims & returns process transformation and organizational strategy/roadmap development
• SAP ARM and SAP EWM end-to-end implementations management and delivery
• SAP landscape, integration, security, and architecture design
• Hybrid implementation approaches, methodology, project plans, and timelines
• Experienced resources trained with both SAP ARM and SAP EWM modules, including the integration of the two

Contacts

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