

IBM Collaborates with SAP To Develop New AI Solutions for the Consumer Packaged Goods and Retail Industries

Aiming to drive business efficiency using generative AI

Innovation to build on IBM and SAP AI partnership



ARMONK, N.Y., Jan. 11, 2024 /PRNewswire/ -- IBM (NYSE: [IBM](#)) today announced its collaboration with SAP to develop solutions to help clients in the consumer packaged goods and retail industries enhance their supply chain, finance operations, sales and services using generative AI.

With a shared legacy of technology expertise and the completed work of embedding [IBM watsonx, an enterprise-ready AI and data platform and AI assistants, into SAP solutions](#), IBM is working with SAP to create new generative and traditional AI solutions to be focused on addressing the complexities of the direct store delivery business process and product portfolio management. IBM Consulting and SAP are already working with CPG clients worldwide to gather detailed requirements to create secured and scalable AI solutions that can be integrated with the [SAP Direct Distribution®](#) solution.

The goal of the new solutions to be developed will be to help CPG companies, wholesale distributors and retailers more efficiently manage store-level assortments, improve product distribution and drive incremental revenue, by:

Enhancing transportation planning and execution: IBM plans to feed external data such as weather, traffic and local events into the SAP Direct Distribution solution and apply AI to help CPG companies identify optimal store delivery routes with the aim of helping to reduce costs and their carbon footprints. Real-time updates could provide drivers with information to make on-the-fly changes based on local conditions.

Optimizing store-level assortments: IBM plans to apply AI and generative AI to develop store-level assortments based on the market dynamics of each store, prior sales patterns, anticipated demand and current product mix. The goal is for the solutions to be able to make specific product recommendations and include

preliminary planning so enough products are added to the assortment with the goal of maximizing sales and minimizing waste.

Automating order settlement: The complexities of direct store delivery can often prevent the automatic settlement of transactions. IBM will work with SAP to develop solutions that can use automation and intelligent workflows to proactively deliver operational efficiencies and help increase settlement accuracy based on the AI in the last mile distribution component for SAP Direct Distribution.

"Global and regional consumer industry organizations must manage various commerce applications and need advanced insights to provide proactive recommendations that help improve operations and meet customer expectations," said Luq Niazi, Global Managing Partner, Industries and Global Consumer Industry, IBM Consulting. "With SAP, we are looking to build on the long-standing work of incorporating AI into SAP solutions that can help enterprise clients achieve further business value."

IBM Consulting plans to build these solutions on [SAP Business Technology Platform® \(SAP BTP\)](#) and will integrate [watsonx](#) through APIs. Warehouse planners, frontline delivery associates and client representatives can have an enriched user experience by using watsonx Assistant to create chatbots using IBM's conversational search capabilities.

"At SAP, we look forward to collaborating with IBM on this important initiative to help consumer goods companies transform their operations and improve their bottom line," said EJ Kenney, Senior Vice President Consumer Products Industry and Life Sciences Business Unit at SAP. "We understand the complexities that come with managing direct store delivery and by leveraging the power of AI we aim to help our customers better manage their last mile distribution more effectively, minimize waste, improve customer satisfaction and achieve business value in today's fast-paced consumer industry."

IBM Consulting's Deep AI Expertise and Capabilities

IBM Consulting's more than 21,000 data and AI professionals are ready to help accelerate clients' business transformations with enterprise-grade AI, including technology from SAP, IBM and other partners through a collaborative and open ecosystem approach.

IBM Consulting works with a diverse AI partner ecosystem that embraces multiple models on multiple clouds from industry leaders. This helps clients choose the right models and the right architecture best for them.

[IBM Consulting](#) accelerates business transformation for our clients through hybrid cloud and AI technologies. With deep industry expertise spanning strategy, experience design, technology, and operations, we have become the trusted partner to many of the world's most innovative and valuable companies, helping modernize and secured their most complex systems. Our 160,000 consultants embrace an open way of working and apply our proven co-creation methodology, IBM Garage, to scale ideas into outcomes.

Statements regarding IBM's future direction and intent are subject to change or withdrawal without notice, and represent goals and objectives only.

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