



Your SAP Estate Ends Here

Your Warehouses Don't

Logistics That Works for the People Running It

A Dragonfly Whitepaper on SAP Logistics Management

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EXECUTIVE SUMMARY

Most logistics improvement programmes focus on the wrong problem. They concentrate investment on the flagship distribution centre, the primary SAP environment, the team with the most visibility. The facilities doing the daily work of receiving, storing, picking and shipping, (often smaller operations or satellite sites) tend to inherit legacy tools, manual processes and systems that were never quite designed for them.

SAP Logistics Management is a cloud-native platform that combines warehouse management, transportation execution and carrier collaboration in a single solution, designed specifically for operations with low to medium complexity that have historically been underserved by enterprise-grade software. It connects directly to SAP S/4HANA, offers fast, flexible SaaS deployment, and delivers continuous innovation on a bi-weekly basis. It also embeds AI assistance in the workflows where operators actually spend their time. For organisations weighing cost, speed and operational fit, that makes it a materially different option from traditional logistics software.

This paper makes two arguments. The first is operational: manual logistics processes create avoidable cost through delay, rekeying, poor visibility and preventable errors. The second is architectural: IT teams should judge a modern logistics platform not only by capability, but by deployment speed, integration quality, security, maintainability and total cost of ownership.

Both arguments point in the same direction. The gap between what is possible and what most operations are running today is significant. The barrier to closing it is smaller than most people expect.



SECTION 1

The Facility that Enterprise Software Forgot

There is a pattern in most of the SAP supply chain audits we have conducted. The flagship operation, the main distribution centre, the primary warehouse tied directly into S/4HANA, is reasonably well managed. The systems are configured, the processes are documented and the team knows how to navigate exceptions.

Go one step further out, to the satellite facility, the regional depot, the warehouse managed by a third-party logistics provider, and the picture is different.

Spreadsheets. WhatsApp messages between the warehouse floor and the office. Paper-based picking lists. A manually maintained carrier contact list. Not because the business does not care, but because the enterprise tools available were either too expensive to deploy at that scale, too complex to implement without a lengthy project or too rigid to fit the way that site actually operates.

This is not a niche problem. Across logistics operations, manual coordination still persists in the form of spreadsheets, paper-based work and disconnected communication, even as fulfilment networks become more distributed and more complex. As companies move away from the single large distribution centre model toward networks with more locations, more carriers and more moving parts, the burden of managing exceptions grows with them. The challenge is not only scale. It is whether the tools in use are designed for the operational reality of those sites.

The result is a logistics network where the head office operation runs on best practice and the rest of the business runs on familiarity and improvisation. Suppliers, carriers and customers rarely see the difference until something goes wrong. When it does, the root cause is usually not a failure of intent but a failure of infrastructure.

What changes the picture is not more complex software. It is software that was designed for this scale of operation in the first place, that fits the team rather than requiring the team to fit it and that connects cleanly to the core ERP environment the business already runs.



SECTION 2

What a modern logistics platform needs to do

Before reaching for a solution, it is worth being clear about the selection criteria. In most of the operations we work with, the question is not whether more functionality exists. It is whether the platform solves the handoffs, delays and workarounds that create cost today, without introducing new complexity tomorrow .

A single view across warehousing and transportation

Most logistics problems are handoff problems. The warehouse team does not know what the transport team has confirmed. The carrier has information the warehouse has not received. Visibility stops at the edge of one function and does not resume until something has already gone wrong. A platform that treats warehousing, transportation and carrier collaboration as one connected process, rather than three adjacent systems, removes a large category of exception before it becomes an incident.

Carrier collaboration that does not require manual coordination

Freight tendering, carrier selection, dock appointment scheduling and milestone tracking are high-frequency, time-sensitive activities. In many operations they are handled through a combination of email, phone calls and spreadsheet-based tracking. That works until volumes increase, a carrier does not respond or a shipment disappears between systems. Digital, rules-based carrier management with direct network connectivity is not a luxury at this point. It is the baseline for a reliable outbound operation.

AI assistance that supports operators, not replaces them

There is a version of AI in logistics that generates dashboards nobody reads and recommendations nobody trusts. The useful version is narrower and more specific: it helps a warehouse operative find the right storage bin, helps a planner complete a freight tender without navigating five screens and flags an exception at the moment it can still be resolved rather than after the fact.



The distinction matters. Technology that helps operators think more clearly is different from technology that adds another layer of interface to manage.

Deployment that does not require a transformation programme

This is where many logistics software conversations stall. The capability is there. The implementation timeline is not. A cloud-native, microservices-based platform with fast SaaS deployment is a different kind of decision. It reduces implementation risk, lowers upfront cost and shortens the time between approval and operational value.

Clean integration with the existing SAP estate

For most manufacturers already running SAP S/4HANA, the question is not whether a logistics platform can be made to integrate. It is whether that integration is native, maintained by the vendor and does not require custom middleware that will need its own maintenance programme. The answer to that question matters to IT more than anyone else.

Gartner predicts that through 2027, systems and technical architecture will equal functionality in importance for new WMS buyers seeking flexibility, adaptability, composability, usability and affordability.

Source: Gartner Critical Capabilities for Warehouse Management Systems, 2025.





SECTION 3

What the working day looks like when the system earns its keep

The operational case for a unified logistics platform is most clearly made not through summary statistics but through the specific activities that consume time in a typical logistics operation.

Inbound

A delivery arrives at the gate. In a manual operation, gate check-in is recorded separately from the warehouse receipt process. The driver waits while information is captured on paper or entered into a system that does not connect to the dock scheduling tool. The warehouse team learns a delivery has arrived when someone walks over to tell them. Goods receipt is posted in the ERP once everything else has been completed.

In a connected operation, dock appointment scheduling is managed digitally and carriers book their own arrival slots within the schedule the warehouse has published. Gate check-in is shared across systems as it happens. The warehouse team has advance visibility of what is arriving and when. Goods receipt flows back to the ERP without a separate manual step. The process is the same but the coordination overhead, the waiting, the chasing and the rekeying, has been largely removed.

Outbound

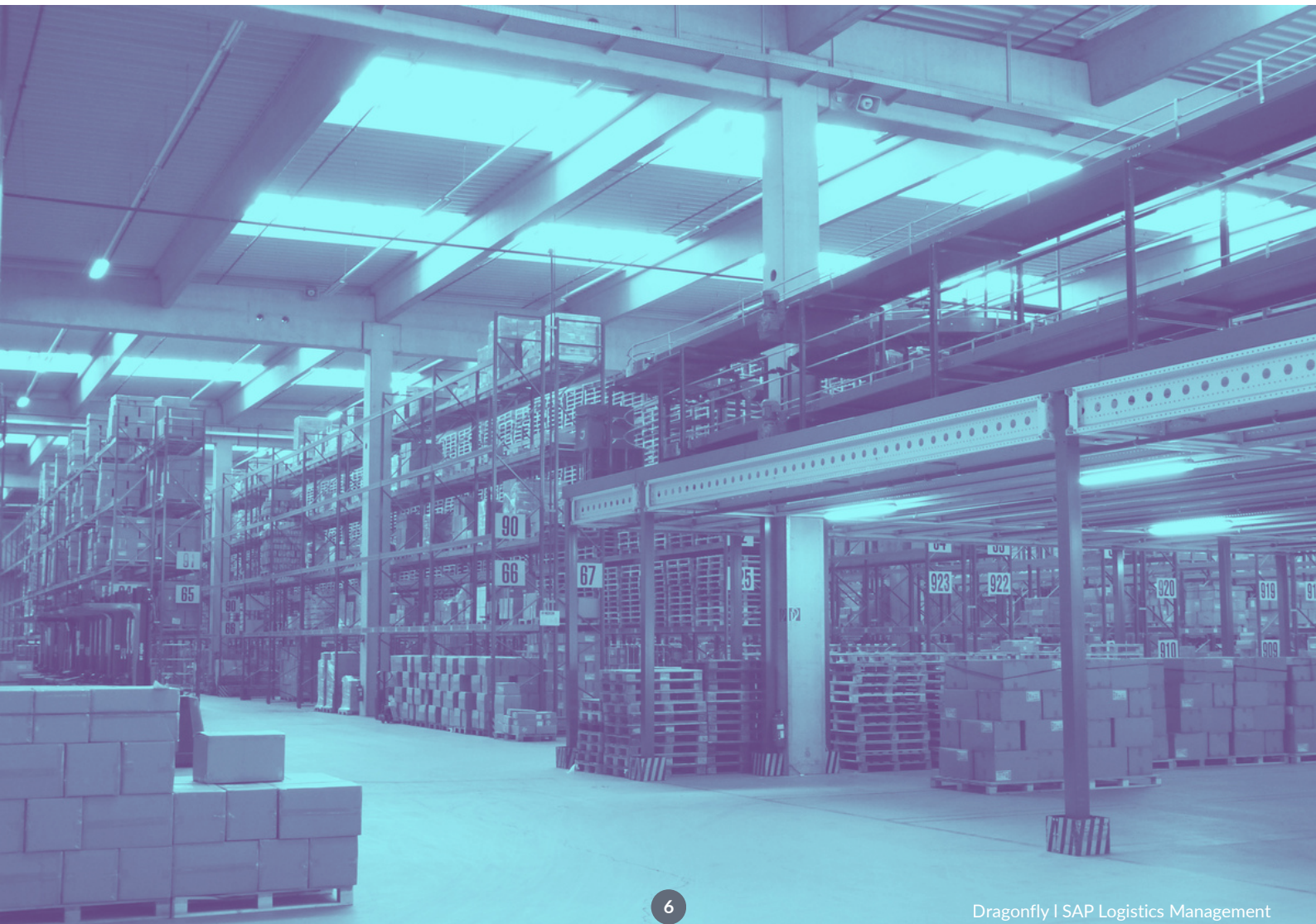
Carrier selection, where it happens manually, involves checking availability, comparing rates and making a decision that then needs to be communicated to the carrier and confirmed back. A rules-based carrier selection process with digital tendering handles this automatically for standard shipments, with exceptions routed to a human decision at the point where human judgement adds value. Joule, SAP's embedded AI assistant, supports the tendering process directly, reducing the number of steps between a shipment decision and a confirmed carrier booking.



On the Warehouse Floor

Mobile-first task management replaces paper-based picking lists and manual confirmation steps. Warehouse operatives work from real-time task queues on Android or iOS devices, with barcode scanning and exception handling built into the same interface. The system does not remove the operative from the process. It removes the friction that made the process slower and less accurate than it needed to be.

Across a typical day of inbound receipts, pick and pack cycles and outbound despatch, the activities that add value stay with the people closest to the work. The activities that do not add value reduce substantially.





SECTION 4

What IT needs to know before signing off

The supply chain case for SAP Logistics Management is the business case. What the IT function needs to evaluate is straightforward: whether the architecture is sound, whether integration is standard and supportable, whether security and compliance are clear, whether the operating model is manageable and whether the total cost of ownership is justified.

Architecture

SAP LGM is a fully cloud-native SaaS solution built on SAP Business Technology Platform, using microservices architecture. It scales without infrastructure investment and updates without planned downtime. New features release on a bi-weekly cycle, with major enhancements quarterly. The platform is always on the latest release because SAP manages that process, not the customer.

Integration

Connection to SAP Cloud ERP Private is handled via SAP Integration Suite and published REST APIs on SAP's API Hub. There is no custom middleware requirement. Data for deliveries, purchase orders, products and business partners transfers through standard integration patterns. Integration with SAP Cloud ERP Public is on the roadmap.

Security & Compliance

The platform operates at 99.7% SLA with 24/7 AI-augmented threat and vulnerability management. Compliance offerings are published on the SAP Trust Centre. SAP manages hotfixes, security updates and performance updates as part of the subscription.

Total Cost of Ownership

The solution is subscription-based with transaction volume as the pricing metric. The subscription includes SAP Business Network Freight Collaboration, SAP Forms Service by Adobe and SAP Print Service. There is no significant upfront infrastructure investment.

Implementation Risk

Guided configuration, SAP Build Work Zone for a unified access point and SAP Companion for on-screen help are intended to support a faster, lower-dependency implementation. For many organisations, that should reduce the effort typically associated with a traditional on-premise or private cloud rollout.

Extensibility

Open APIs and modular architecture allow custom applications and process adaptations to be built on top of the platform where standard capability does not cover a specific requirement.

The more useful cost question is not simply “what will this subscription cost?” It is “what are we already paying for in manual coordination, custom integrations, support overhead and avoidable delays?” In many cases, that comparison changes the economics quickly.



End to End
Logistics solution
with a built in
carrier network.



Designed to manage
small, local and
satellite
facilities



Complements SAP
Cloud ERP private to
orchestrate logistics
holistically



Offers an AI
Assisted human
centric work
environment



SECTION 5

A Note from Dragonfly

What follows is a practitioner's view rather than a vendor's one. SAP supply chain implementations tend to surface the same logistics picture: the core environment is more capable than the business is using it. The peripheral operations, the satellite sites, the 3PL-managed facilities, the secondary warehouses, are running on tools that do not connect cleanly to the rest of the estate. And the gap between those two things has usually been accepted as a structural reality rather than a problem with a solution.

SAP Logistics Management is not the right answer for every operation. For highly complex warehouse management with significant automation investment, SAP Extended Warehouse Management remains the appropriate platform. But for the significant proportion of logistics operations that sit below that complexity threshold and above the capability of a basic WMS, the combination of unified warehousing, transportation and carrier management in a cloud-native solution with a rapid deployment model is a meaningful shift.

What we find useful about this platform, beyond the specific capabilities, is that it was designed with the operator in mind as much as the executive. The mobile-first interface, the Joule AI assistance embedded in daily workflows, the exception-based processing that surfaces issues at the moment they can be addressed: these are design choices that reflect an understanding of how logistics work actually gets done. That matters more than it sounds. A system the warehouse team actively uses is worth more than a system the head office team has configured.

If any of this reflects something you have seen in your own operation, we would be glad to talk through it. Our starting point is always the same: understand what is actually happening before forming a view on what should change.



CONCLUSION

The Question Worth Asking

The decision to invest in logistics software is rarely urgent until it is. A missed delivery, a lost shipment, a carrier that cannot be reached, a satellite site that has been managing on spreadsheets for longer than anyone is comfortable admitting: these are the moments that make the conversation happen. They are also moments where the investigation tends to reveal that the underlying issue is older and more structural than the incident that surfaced it.

The case for a unified logistics platform is not primarily about the features it contains. It is about the cost, in time, accuracy and resilience, of the alternative. Most operations we have worked with know that cost intuitively. Putting a number on it tends to change the conversation.

SAP Logistics Management is a practical answer to a problem that has been treated as intractable for too long. It is available now, connects to the SAP estate most manufacturers are already running and offers a faster, lighter deployment model than many teams assume.

If you are asking whether your satellite sites, regional warehouses or partner-run facilities are carrying too much manual overhead, the next step is simple: assess where time is being lost, where data is being rekeyed and where exceptions are being managed outside the system. That is usually where the case for change becomes clear.

