

A 5-minute C-level brief on SAP

Purpose:

This brief is intended as a very high-level guide for a C-level person in a large company, who is on the verge of making a decision on selecting SAP as the end-all ERP system. The purpose is to educate the executive on the large pieces of the SAP puzzle so as to create the accurate premise from which the early decision processes can flow.

What are the options?

A large, multi-billion dollar corporation has the following options when it comes to ERP systems: Status Quo: Usually the most expensive option. The problem though is it's difficult to prove that status quo is costing company money. Most companies at some point in time cross this hurdle.

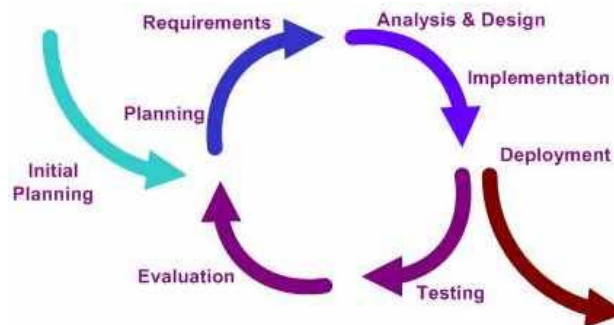
Develop custom application: This option starts with a false premise. A custom development option does not have the power to reengineer processes. Therefore, the company can end up with one system, but that system inherits the same operational inefficiencies that existed before.

Implement an ERP system like SAP or Oracle application suite: Both are good choices and both vendors can prove the ROI in 3 years. However, between these, SAP is probably a better choice.

Why SAP?

1. It comes with efficient processes built in.
2. It encompasses all the functions and modules that work well together (unlike Oracle where the company acquired disparate solutions and branded them Oracle).
3. The database architecture (no matter whether the actual database is Oracle or SQL) in SAP is a work-of-art and represents perhaps the best way to manage data for any large corporation.

As such, the decision to implement SAP as the ERP system can certainly be a prudent and the best course of action.



SAP it is, now what?

Now begins the 3-4 year march to complete the implementation – and the first 6 months of that project define success or failure! Needless to say, accurate budgeting is a big part of early planning.

For most CIO/CFOs, SAP implementations are career defining and sometimes, career changing! We are not aware of any one vendor – not one – that has the track record of implementing SAP on time and on budget. Most SAP projects are an eventual success after the sacrifice is made of key managers who initiated the project, including, the CIO/CFO. In many cases, the CIO/CFO who begins SAP implementation does not see the successful end!

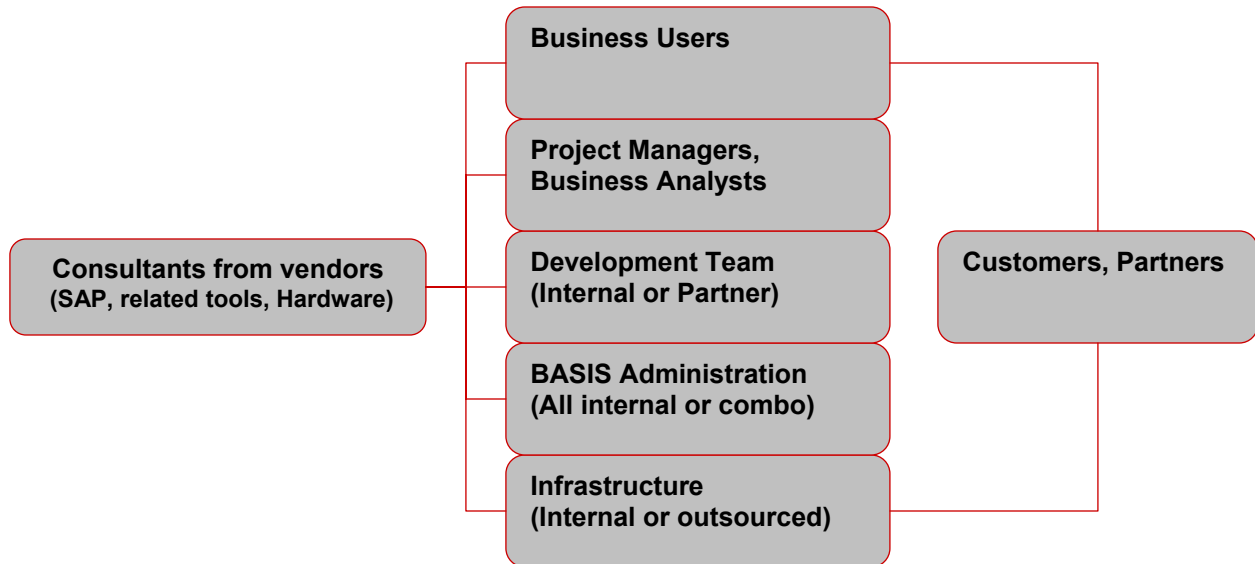
Hence the best investment in terms of time is some upfront education on understanding the SAP puzzle.

What are then the pieces of the SAP puzzle?

1. The 1st piece is SAP itself! It's not good enough to negotiate the price of license from SAP. It's important to have them spell out every single auxiliary product and service that they offer to make the implementation successful. Also understand the various levels of those services and what they will cost. Remember that SAP, like any other vendor, does not force a sale of other auxiliary, but essential, products and services before the initial license sale is closed. And needless to say, the only time to negotiate and budget correctly is before one signs on the initial license agreement.
2. The 2nd piece is the internal team. Retraining and on-the-job learning have not proved to be great options with SAP. The learning curve is steep and hence repurposing of existing staff to match the project timeline is practically impossible. As such the key people in the internal team that will be critical to the success are managers of various functional areas, managers of areas within IT who are simply very good managers of people and projects; and last but not least business analysts and technology doers who possess the intimate knowledge of business processes and existing technology respectively. Identification of this critical pool of talent, along with the plan to replace/augment the internal team must be accomplished within the first 60 days.
3. The 3rd piece is SAP consultants. These are the people that SAP or its partners bring on to any SAP project. Like it or not, but they are required! There can be several dozen of them through the life of the project, but general heads are Chief Architects (SAP level), Project Manager/s, Blueprinting Experts etc. They are all very expensive with the rates of \$200 to \$300 per hour. These invoices quickly add up to unimaginable amounts. You bring these people on board only after strict screening and for defined deliverables. Screening needs to be done not by general-experience managers, but by those who understand the SAP world.
4. The 4th piece is the implementation partner. This and the next two pieces constitute important long term relationship decisions. You will be in bed with these people for years to come. The usual suspects here are IBM, Accenture, CapGemini, Infosys, Satyam etc. The choice of the implementation partner is difficult. One needs to go much deeper than the high level resume that claims-to-fame like so many implementations in so many countries. Finally, each service provider has a very limited number of good people and not every service provider work culture would be a good match.
5. The 5th piece is all about infrastructure. Several million dollars would go upfront into brand new infrastructure like network, servers, storage, tape libraries etc. Engineering, capacity planning, appropriate hardware and software choices, software configurations, integration and finally the operations of this infrastructure would determine if SAP actually works as implemented. The infrastructure team needs to be fully knowledgeable about SAP from day one since it would work with SAP architects, project managers and the BASIS team to design the system. Needless to say that ongoing operations of infrastructure for SAP, requires SAP domain expertise as well!
6. The 6th and final piece is SAP BASIS Administration. Perhaps the least understood piece; companies often do a poor job of this function. This is a unique function in the sense that it needs to be seamlessly fulfilled by a combination of the internal team and a service provider. This function facilitates changes in SAP. This is where you create users, grant them access, comply with audit requirements, conduct routine system maintenance and move changes from development into production.



Can you visualize for me the structure of this team and the relationship to my customers?



So, when and how can Stratigent help?

Month	Stratigent Service	Customer Benefit
1	Provide early education as a no-charge service	Customer gets the distilled, ready-to-use knowledge and guidance in a short time without expense
2-3	Rapidly deploy development infrastructure in weeks so that development can begin	Gets the project off the ground in record time
4-6	Procure on your behalf and setup the entire infrastructure (network, servers, storage, SW licenses etc.) on which staging and production systems can be deployed	saves months and millions of \$\$
7-12	Take live the early modules in SAP	Project sponsors get the first victory – they would have taken SAP live! Big morale booster for the team, a vote of confidence from BOD
13-onwards	Implement, enhance, maintain and operate the system 24x7	For a fixed fee, get assured service levels. Now the focus can be on growing business!

So, what's so unique about Stratigent?

- 100% responsibility
- 99.9% availability
- 85% less management overhead
- 35% cost reduction
- 1 service provider

All this at a fixed monthly fees and guaranteed service levels!!

Thanks for your time and we hope you found this briefing useful. For more information, please call or email us at info@stratigent.com