

GETTING THE MOST FROM SAP

So you've spent the last year—and \$1 million, or more—working 80 hours a week surgically insinuating SAP modules and procedures into every business operation of your corporation.



Budgets are stretched, tempers are strained, your IT team is exhausted, and end users are in a panic that their jobs are going to be replaced by three inscrutable letters: ERP.

It's yours now. You own it. When the CFO has a question about the invoicing system, he'll come to you. When the vice president of marketing wants to know why two-thirds of her last mailing to customers came back stamped "address unknown," she'll ask you. When the inventory system stops talking to manufacturing, accounts receivable sends the wrong ZIP codes to billing or the legacy (i.e., unsupported) scheduling application that coordinates shipments to all parts of the globe "unexpectedly quits," effectively shutting off all commerce with the company at irregular intervals, the CEO will personally want to know what you plan to do about it.

THE POTENTIAL IS IN THE DETAILS

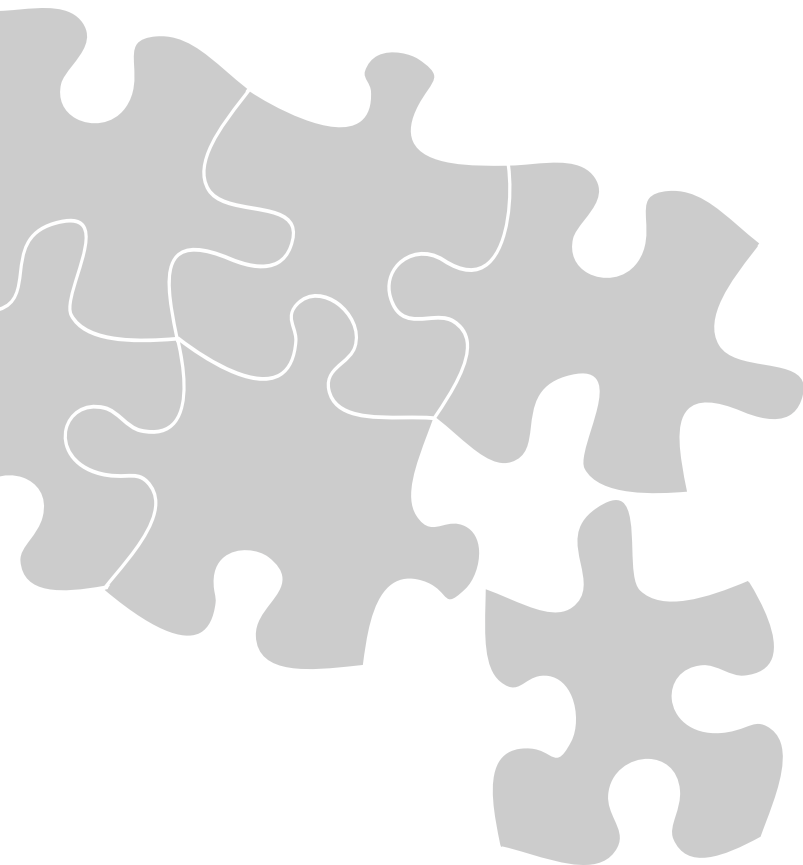
It may seem like a very long time ago when your imagination was filled with all of the innovative business intelligence opportunities possible with SAP—the productivity gains, the enhanced customer satisfaction, the shortened time to market. The devil, as they say, is in the details, and nothing generates more irascible details than an SAP implementation.

All the potential is in the details, too.

Logicalis focuses its SAP practice on helping clients get the most from their SAP implementations and realizing the very considerable competitive advantage that comes from knowing how to interpret and account for all of the details that SAP captures and makes available.

There are six key opportunities to get the most from SAP. They are:

1. Develop a Comprehensive SAP Strategy
2. Training, Process Engineering and Communications
3. Master Data Management
4. Business Intelligence
5. Application Decommissioning
6. Monitoring, Management and Support



A comprehensive strategy provides a road map that not only gets you to the destination of a successful implementation, but also identifies and incorporates in the itinerary all of the opportunities to leverage SAP's capabilities along the way.

DEVELOP A COMPREHENSIVE SAP STRATEGY

Of course, everything to do with SAP would be a lot easier if clients thought about developing a detailed strategy before their SAP installers handed over the keys and left clients to their own devices. A surprising number of organizations skip this important first step, according to Logicalis Managing Director of Consulting Services Blair Kenney.

Skipping the initial strategy step most often occurs when the business side and IT are not communicating effectively. SAP can touch every single business process, and the success or failure of its implementation depends on effective collaboration between the business and IT professionals within the organization.

Inherent in the decision to implement SAP is accepting that, when it comes to defining the business processes to run your business, SAP knows best. Developing an implementation strategy, as a result, requires transitioning away from how you have done business—usually the result of a not-altogether linear evolutionary process—to the explicit way in which SAP has determined you should run your business.

The first step in developing an effective strategy is understanding from both an IT and a business perspective where everyone is relative to where everyone will need to be. To accomplish this step, Logicalis conducts a gap analysis that identifies not only how business processes must change, but also IT considerations such as data migration from legacy applications or, in the relatively rare case that a legacy application remains the

best way to do something, how to integrate that legacy application into the appropriate SAP module.

Very few organizations have the skills required for this kind of business/IT analysis in-house. Organizations that set out on their SAP adventure without adequately mapping their destination, however, too often end up in unfortunate circumstances with no trail left to follow either backward or forward.

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TRAINING, PROCESS ENGINEERING AND COMMUNICATIONS

SAP changes something in virtually every employee's job throughout an organization. How well an organization anticipates those changes and communicates them to its employees can make the difference between a successful implementation and the other kind.

Although the level of detail in this step is small, it is what connects the processes and the people in an organization; if this step is not adequately accomplished, even the best installation will fall short.

Communicating changes needs to be a very direct and hands-on personal process. Logicalis has

gone so far as to publish an internal newsletter for one client to make sure every employee was regularly informed about his or her role in the transition to the SAP environment.

In the event that established processes need to be maintained following the SAP installation, they will need to be re-engineered to work in the new environment. The people associated with the processes will also need to know the specific things they have to do differently. Among the benefits, this service identifies the role employees will have moving forward—assuming they are prepared to make the necessary changes.

MASTER DATA MANAGEMENT

“Master data are all of the people, places and things in your organization,” explains Logicalis Vice President of Delivery, UC Services Chris Rafter. “The nouns. Master data have a physical component, as opposed to transactional data, which have to do with events in time. Those are verbs.”



For all of its cognitive prowess, SAP takes whatever data it is given as true—even when a human observer would easily recognize it is not. A classic example of the need for master data management is one legacy database Logicalis encountered at a customer site that had dutifully accepted that there were 151 states in the United States without blinking a digital eye. “There was no data governance, no checks and balances,” Kenney recalls. “The application just kept going full steam ahead...but the data going in was junk.” Another legacy application were notorious for shipping very expensive products to the wrong parts of the world.

SIMPLY PUT: GARBAGE IN. GARBAGE OUT. SAP DOES NOT DO ALCHEMY.

The need for quality data brings the importance of effective collaboration between the business and IT sides into sharp focus.

“The fundamental dichotomy in information management is that because IT is the custodian of data, most people naturally associate IT with the management of data.”

— Chris Rafter

“The reality, however, is that IT departments are not qualified or trained to manage data and lack the business knowledge to make informed decisions,” according to Rafter. “They can put it in a database, they can pack it up and move it from here to there, but in terms of validating individual records, they are ill-prepared to make those decisions. That is the No. 1 paradox in this situation.”

Logicalis resolves the paradox by working with business units to devise data governance plans for data quality, data cleansing, data profiling, and data consolidation.

Or, as Rafter summarizes it, “We extract knowledge from the brain of the expert in the field and turn it into an IT-based business asset that someone in IT can deploy.”

There are two primary alternative approaches to Logicalis’s master data management service. One is what Rafter calls “the brute force approach,” which typically involves relegating someone to building a spreadsheet of all master data and then painstakingly copyediting them by hand.

“That is a very tedious, drawn-out process,” he notes. It’s also expensive. One client paid two employees (at \$75K a year) to pore over spreadsheets of master data on a full-time basis. In addition to the tediousness and the expense, the effectiveness of this approach rarely exceeds about 60 percent.

The second alternative approach is using off-the-shelf data cleansing and management tools, which Rafter says can be effective, but “tools make you more efficient in the things you know how to do. They don’t bestow an ability; buying the best scalpel, for example, will not make you a surgeon.” In addition, these tools don’t come with a service component (i.e., you are on your own), and they often lack effective rollback and lineage features, elements Rafter calls “absolutely essential” in data management. The most common risks associated with these tools are that they are used incorrectly and result in some kind of master data disaster, or the IT department is afraid to use them and they become very expensive shelfware.

Logicalis’s approach is different.

“Rollback and undo capabilities are baked into our process and tools at every turn,” Rafter says. “We can trace back to record origins, reverse data merges and store a record of every person who has ever touched

a record and why. This gives our customers tremendous flexibility and peace of mind.”

Logicalis’s master data management service establishes the rules and processes that need to be followed to ensure the quality of master data on an ongoing basis. Rafter notes that one major client performed several cost-benefit comparisons between Logicalis’s solution and toolset alternatives, and each one came back overwhelmingly in favor of Logicalis being the most cost-efficient option.

BUSINESS INTELLIGENCE

Most SAP installations come with a huge expectation of all the so-called business intelligence that they will reveal. That expectation too often turns to disappointment, however, when the SAP



floodgates are fully opened and a torrent of data floods into the IT department.

“One of the biggest complaints we hear from users after an SAP installation,” Rafter says, “is that they can’t get reports out of it.”

Sophisticated analytical models such as clustering, market basket analysis and customer lifetime value can be incorporated into an instrument panel of real-time data on a dashboard that management can use to drive an organization successfully.

“That’s really the sweet spot in SAP,” Kenney says.

“Business intelligence is where you begin to get the real benefit from an SAP implementation. Unfortunately, few organizations have the skills to take full advantage of it.”

SAP has its own business intelligence tool, NetWeaver BI, but few IT departments in companies that aren’t listed on the Fortune 500 have technicians with the skills to use the BI tool responsibly and effectively. That’s where Logicalis can help.

Used intelligently, BI tools can empower departments to apply best practices and critical standards to the daily decisions that cumulatively determine the success or failure of any organization.

“The most fundamental way business intelligence impacts the balance sheet is by helping companies make better decisions at all levels,” says Rafter, “from senior executives all the way down to daily operational decisions.”

Logicalis recently developed a business intelligence application for a company in the mortgage business that provides an early warning system to detect patterns in loan applications that could have a profound effect on the long-term collectability of a particular loan. The intelligence built into the system is a significant competitive advantage, especially in the current circumstances.

APPLICATION DECOMMISSIONING

Although it is true that organizations can save significantly by decommissioning applications that an SAP implementation has made unnecessary, more is involved than just pulling the plug and recycling the server.

Logicalis helps organizations “sunset” applications strategically by identifying all of the systems, touch points, dependencies, users and business processes affected by the migration to SAP. Data from some applications (i.e., open accounts receivable balances, etc.) will need to be migrated immediately. Other less timely data may need to be maintained in data warehouses on- or offline where they are available on an as-needed basis.

Nor is it safe to assume that all legacy applications are no longer needed. Not infrequently, there are legacy applications that execute some process that SAP does not account for and will need to be supported at least for a transitional period. Logicalis works with the business side and IT to determine a graceful retirement plan for these applications.

After many years when the low cost of servers encouraged the addition of new applications on a less-than-strategic basis, compounded by growth by acquisition and other ways of inheriting applications, many unknowns can lurk in an organization's IT environment. All need to become known to realize the most benefit from SAP.

MONITORING, MANAGEMENT AND SUPPORT

For most IT departments, implementing SAP is like having at least two full-time jobs. That doesn't leave much employee bandwidth for the nitty-gritty monitoring and managing (including upgrades, patches, back-ups, etc.) required to maintain the underlying IT infrastructure on which everything depends.

Logicalis Managed Services make it possible for an IT department to delegate some or all of the responsibility for the IT infrastructure to the Logicalis Enterprise Business Operations Center (EBOC) in Cincinnati, where a team of 40-plus engineers holds more than 200 technical certifications. Ever vigilant, the Logicalis EBOC is open 24/7 and can provide monitoring, notification, reporting and remediation, in any combination, to data centers anywhere in the world.

"Our value is that we already have processes and monitoring templates built around SAP environments as well as Information Technology Infrastructure Library (ITIL) best practices built into our operations center," says Kevin Clark, Logicalis Business Manager for Managed Services.

"It's a customer choice as to how much of our services they want to use," Clark adds. "And that goes from basic monitoring where we work as an extension of a customer's IT staff and notify them when problems occur in their SAP environment, all the way to the remediation of those problems. We free them up to stay on the business side of the SAP deployment by ensuring the underlying platform is available. They are making sure that SAP will work with accounting, manufacturing, whatever business units they have, and Logicalis stays on the infrastructure side."

No one saves any money or gains any competitive advantage by getting less than the full potential from an SAP implementation. In fact, considering that your competitors have probably implemented SAP, gaining an advantage is determined by which organization gets the most from its SAP environment.

Exploiting the six SAP opportunities that Logicalis targets can help make all the work, time, and money that go into an SAP implementation worthwhile.



ABOUT LOGICALIS

Logicalis is an international provider of integrated information and communications technology (ICT) solutions and services founded on a superior breadth of knowledge and expertise in communications and collaboration, data center optimization, application development and integration, and outsourcing and managed services.

With international headquarters in the UK, Logicalis Group employs more than 1,900 people worldwide, including highly trained service specialists who design, specify, deploy and manage complex ICT infrastructures to meet the needs of more than 6,500 corporate and public sector customers. To achieve this, Logicalis maintains strong partnerships with technology leaders such as Cisco, HP, IBM, and Microsoft.

The Logicalis Group has annualized revenues in excess of \$1 billion from operations in the UK, the US, Germany, Latin America, and Asia Pacific, and is fast establishing itself as one of the leading IT and communications service providers, specializing in the areas of advanced technologies and services.

For more information, visit www.us.logicalis.com
or call 866.456.4422.