

Building a foundation for growth with SAP Business All-in-One and Rapid Deployment Solutions



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summary

This white paper gives an insight into the challenges faced by small to medium sized enterprises (SME's), and how SAP Business All-in-One rapid-deployment solution can help SME organizations to build a solid IT foundation for the future, through a low-risk, easy-to-implement solution tailored to the prospect's industry through pre-configuration of the solution according to best practices

PAC spoke to SMEs from around the world that were outgrowing their IT systems and needed a proven, robust, yet predictable solution to help them to advance to the next level.

In late 2012, the SAP Business-All-in-One fast-start program evolved to the SAP Business-All-in-One rapid-deployment solution, upgrading the solution with new materials, such as service assets according to the rapid-deployment solution methodology, detailed solution summaries, to support value proposition creation and service delivery, as well as user guides and enablement to improve deployment. The core promises of increasing predictability and shortening time-to-value by accurately predicting and controlling project costs and scope remained the same. The following reference stories were based on customers prior to this change, using the SAP Business All-in-One fast-start program.

1. The challenges for the SME

The small/medium enterprise (SME) market is a fast-moving and diverse segment of the global economy, with company aspirations ranging from survival to growth aspirations or to a build-out for acquisition, to name a few. SMEs looking to make the jump into rapid expansion, new business lines, or new geographies will find at some point that the manual processes that served it well during earlier stages have become inefficient. In addition, IT systems that never adequately covered processes weigh down the organization because they cannot adapt or scale to the company's changing needs.

PAC spoke to SMEs from around the world – including India, Turkey, Canada, France, Germany, Italy, the U.S., and Switzerland – that were advancing quickly from small businesses to medium and large enterprises. One theme was common to them all, no matter what industry or growth objective they were pursuing: they had all outgrown their “infant stage” IT systems and needed a proven, robust, yet predictable solution to help them advance to the next level.

Of the companies interviewed for this report, the reasons to implement a modern ERP (enterprise resource planning) solution generally centered on growth aspirations, which can be generalized under the following pain points:

- **To have a global platform:** In most cases the issue began with the financials management module, where legacy solutions could not support a multi-country/plant consolidation. Additionally, since the level of customer service provided is increasingly a differentiating factor, the capability to offer customers more options and flexibility in procuring their product and/or service is paramount.
- **To increase efficiency:** The interviewed companies themselves realized that as they were growing, they were quickly outgrowing their “infant stage” processes and needed to improve their levels of customer service, efficiency, and in the end, profitability.
- **To be more professional:** The interviewed SMEs viewed having a modern ERP solution as an asset, making their organizations more “professional,” able to attract higher-level talent and investors, and also motivating existing employees.

- **To adapt with change:** Several of the interviewed SMEs encountered a hurdle in their business, perhaps a major shift in their industry or new laws or compliance. In several cases, companies risked failure or becoming increasingly inefficient by continuing with legacy solutions that couldn't support new business lines or models, or that didn't offer timely updates of functionality according to new laws and compliance issues

1.1 AN OVERVIEW OF SAP BUSINESS ALL-IN-ONE RAPID DEPLOYMENT SOLUTIONS

The SAP Business All-in-One rapid-deployment solution is built from SAP's flagship ERP (ECC 6.0), suppressing the complexity of some functionality and modules in order to provide an easy-to-implement solution tailored to the prospect's industry through pre-configuration of the solution according to best practices.

Additionally, in order to further reduce the TCI (total cost of implementation), the SAP Business All-in-One rapid-deployment solutions are bundled with pre-defined services and implementation methodologies, including cloud options. The goal is to implement innovation within a predictable (and fast) timeframe and budget. Beyond TCI, the TCO (total cost of ownership) remains low thanks to the pre-configuration of the solution and the resulting low amount (if any) of custom coding, reducing the need for a large amount of maintenance. In most cases, PAC found that customers were able to adequately maintain the solution with internal resources, relying on support only when major changes or updates were needed.

In the end, SAP's intention is to deliver a robust, scalable ERP solution for SMEs that is both tailored to the customer's industry and more predictable when it comes to implementation time (average: eight to twelve weeks) and budget (upfront license or hosted/subscription).

2. Selecting SAP and Rapid Deployment Solutions

Most of the SMEs interviewed for this report considered not only SAP, but other global ERP vendors (Microsoft, Oracle, Sage, etc.) as well as local ERP solutions that at many times were already in place. In general, the local solutions were quick to fall off in the selection process, since they didn't have the scalability, complete functionality, and anticipatory support for niche solutions that SAP and other global vendors could offer.

The SMEs also found the SAP Business All-in-One rapid-deployment solution appealing. With other global ERP vendors, it is typically up to the prospect to manage complex, multi-product (software + service) contracts, as well as to risk cost overruns when it comes to the TCI. SAP's rapid-deployment solutions take away complexity and reduce risk by offering a complete and proven solution with a fixed price. The interviewed customers really appreciated this, since as SMEs, they could not afford an overrun on time (many were implementing just months before a new fiscal year) or budget (given limited IT resources). Additionally, the amount of maintenance required post implementation was quite low and typically handled by internal resources. In all cases from this study, SAP and its implementation partners delivered on-time and on-budget solutions, while either meeting or exceeding clients expectations for the solutions overall value.

PAC highlights the following **top five reasons** why companies select SAP Business All-in-One rapid-deployment solutions:

1. Shorter and more predictable implementation

Due to the pre-configuration of the ERP solution and the packaging of necessary software and services, SAP Business All-in-One users implement in an average time of eight weeks, shaving months off a typical ERP implementation project. SAP's ability enable partners to offer both a fixed price and a track record of rapid delivery made SAP Business All-in-One the clear choice for the SMEs interviewed.

2. Total solution approach

SMEs do not have the time or resources to select and procure each component of their ERP system separately. By using the rapid-deployment solution, companies received a complete solution with all the necessary software and services pre-configured to run optimally together at a lower price point. Additionally, SAP Business All-in-One provides customers with a standardized methodology, documentation, and accelerators in order to simplify the implementation process.

3. Leverage of industry best practices

The best practices built into the SAP Business All-in-One rapid-deployment solution are based both on the experience of thousands of SAP users across over two dozen verticals and the localization provided by SAP and partners by country. This was especially attractive for fast-growing SMEs who wanted to set in place processes that will support their growth now and into the future.

4. Standard functionality of the solution

SMEs coming from legacy systems that supported their accounting and some areas of financials, but were too inflexible to cover more, found the SAP Business All-in-One rapid-deployment solution offering a much wider set of business processes from financials, human resources, procurement, inventory, manufacturing, logistics, product development, to customer service, sales, and marketing.

5. Ability to scale and expand in the future

Beyond standard functionality, the SAP Business All-in-One rapid-deployment solution provides a path to SAP's full range of rapid-deployment solutions into new areas such as business intelligence, mobility, SAP HANA, industry specific solutions, as well as LoB applications for CRM (customer-relationship management) and SRM (supplier-relationship management) to support future business needs.

3. Business value achieved

Outside of the “time and budget” metric, where the SAP Business All-in-One rapid-deployment solution has an extremely high success rate, most SMEs measured value in highly personal and qualitative ways: “Are users happy?” “Do they feel more efficient?” “Are invoices being processed faster?” “Does our organization have a better view into our data?”

Listed below are five concrete examples from SAP customers who were interviewed for this report. The examples highlight some of the very company-specific business value that was gained due to their implementation of an SAP Business All-in-One rapid-deployment solution approach.

Chartright, a private aircraft asset management and chartering services company based in Canada, was in dire need of a new ERP system when the company more than doubled the number of aircraft it serviced (from 11 aircraft to 25) over a three-year period.

Its financial system could not handle the complexity of its customer invoices, which include a wide array of trip, leasing, and maintenance information; customer invoices were taking one month to produce.

By implementing an SAP Business All-in-One rapid-deployment solution, the company can now capture customer billing data by very specific measures that weren’t available in the prior system, such as aircraft tail, trip, or mileage number, allowing for new customized billing features. Invoicing is now down to just two weeks and offers a much higher level of detail, which is a key area for the company in order to attract new clients.

Berko, a Turkish pharmaceutical manufacturer, was able to extract an additional 11% profit due to the inventory control functionality within SAP, which cut back the amount of expiring drugs in its inventory. Additionally, the company saved 5% in purchasing costs through SAP’s invoice and purchase order best practices, altogether helping the

company to lower costs by 6% in its first year using an SAP Business All-in-One rapid-deployment solution.

Cilaos Conseil, a French IT services company, now sees itself as a more professional organization because it can demonstrate to new and existing employees and customers that it has matched its growth ambitions with a serious ERP platform. Being in a people-intensive industry, this is very important in enabling Cilaos to attract and maintain the highest quality consultants in its market.

Nuestro Queso, a Mexican cheese manufacturer in the U.S., was started in early 2010 with the help of large investor backing. It needed an ERP solution to help the company to hit the ground running, since even in its initial stage the company has three distribution centers, more than 100 employees, and over 1,000 customers. Because it was new, Nuestro Queso was able to adopt most of the standard best practices from an SAP Business All-in-One rapid-deployment solution, which the company believes will give it a competitive advantage and a platform to scale.

Royal Döner, a producer and distributor of döner meats, sauces, and spices in Switzerland, was not able to meet strict compliance guidelines for traceability of its products on its legacy system.

Government inspectors regularly check that proper traceability processes are in place, so Royal Döner had to take care of this process manually, which was very time-consuming, tedious, and expensive.

By implementing an SAP Business All-in-One rapid-deployment solution, what would have been an expensive systems integration project under its old solution was covered by the standard version of SAP to provide traceability on incoming and outgoing goods. Today the company is able to meet this compliance fully through the automation of the SAP system, cutting large inefficiencies from manual tasks.

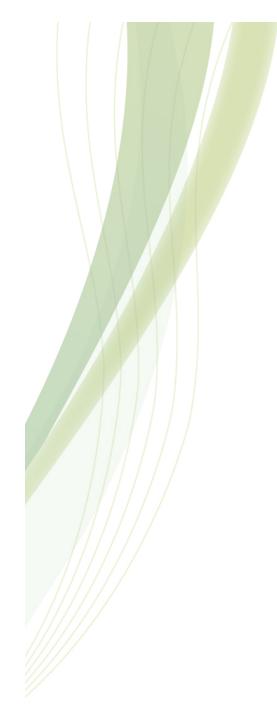
4. Post-go live: what's next?

With an SAP Business All-in-One rapid-deployment solution now implemented, many SMEs are already looking into the next step. Having SAP as the core platform for their businesses, these companies can now look to other SAP Rapid Deployment solutions in order to extend into new lines of business or industry solutions, or to innovate with rapid-deployment solutions in mobility, SAP HANA, analytics or cloud. .

Many of the companies interviewed are either looking into SAP BusinessObjects Business Intelligence or have already implemented the BI solution. The reasons are obvious: with a much better structure and quality of data running through their organization thanks to the SAP solution, BusinessObjects BI can be adopted to gain greater insights and reporting capabilities, helping to move data from a production-level to a management-level view. This was precisely the case for Adtiya Auto, an India-based automotive parts supplier. The company was first motivated to implement an SAP Business All-in-One rapid-deployment solution when it expanded from one to four plants over several years; its legacy ERP could not support more than a single plant operation. Now with an integrated solution, one instance, and coherent data across all sites, Adtiya Auto can derive further value by implementing the BusinessObjects dashboard and business intelligence tools to have a holistic view into operations for its management. What is most interesting for companies now considering an SAP Business All-in-One rapid-deployment solution is that the latest version is pre-integrated and pre-configured with business intelligence dashboards, allowing for a holistic view of the organization, combining both transactional fields and management information in a “single screen” experience.

Companies are also looking to leverage other components of SAP’s wide portfolio of solutions in order to fuel further expansion. Royal Döner (page 9), for example, has been considering an expansion into the grilling-equipment rental business, since there is a clear synergy with its current customer base, which relies on the company for their döner meats and ingredients. Based on the standard features of the solution that support asset and contract management, the company is planning now to implement rental management from SAP. While its rental business is quite small, with the support of a new SAP application, Royal Döner believes this segment will soon be a new high-growth area of its business.

Finally, other companies interviewed are looking to support growth by simply scaling the SAP Business All-in-One rapid-deployment solution



they now have in place. In the case of Nuestro Queso (page 9), with the backing of large investors, the company is planning to expand from three to over twenty distribution centers over the next three to five years through a series of small acquisitions. The company believes that the acquired distributions centers will be rather unsophisticated when it comes to IT, so rolling out its SAP Business All-in-One rapid-deployment solution will create a clean slate and efficiency gains at each center, while keeping a coherent and integrated business application backbone throughout the company.

5. The advice for new SAP Business All-in-One customers

Go Standard, Wherever Possible...

With over 800 industry-tailored versions of SAP Business All-in-One, customers found that the standard features of the solutions were most times appropriate for their business, even if initially they didn't believe this to be the case. In general, customers commented that SAP delivered surprisingly deep industry solutions that support business best practices. Also, they found that part of what made the solution so affordable and low maintenance was that the organization was taking on tested processes that were truly scalable. For most SMEs, many processes were developed during an early stage of the company's development using many manual procedures, which led to more and more inefficiency as the company grew. The companies interviewed described the implementation of their SAP Business All-in-One solution as a "dramatic leap" for their business processes, going from manual and disparate to automated and integrated.

Don't Underestimate Training

One of the biggest challenges in implementing a new solution was to ensure that existing employees were onboard and understood why their customary procedures needed to be changed. In this sense, planning and preparing adequate training for employees was generally the most important piece of advice that the interviewed companies could offer new SAP customers who are about to implement. First, there is a large amount of cultural change tied to the transition from manual processes to automated ones. Employees must be given a clear picture of why the additional data they are capturing in the system will have a strong impact on how well the business runs, how informed managers will be. Additionally, companies should be clear that they understand employees initially will be slightly less efficient as they learn the new system and process. This can help to alleviate some initial frustration by users, who in many cases may have never used a full ERP system before. The

release of a new user interface for SAP Business All-in-One in late 2010 is helpful in this situation. It leverages the SAP NetWeaver Business Client, bringing with it fully integrated business intelligence to improve business process execution, as well as a fully customizable/role-centric user interface.

Finally, given that many of SAP's Business All-in-One solution customers are fast-growing companies, a long-term plan for additional training is needed to keep current employees' skills sharp, while ensuring that new hires are trained and brought up to speed in order to maintain efficiency levels as the organization grows.

Clean Your Data!

Because the majority of the interviewed companies were coming from a legacy system to an SAP Business All-in-One solution, another key piece of advice was to leverage the migration phase of the implementation to clean old data. While it was an intensive part of the project, customers were supported well by their IT services partners and saw great value in having a clean and well-structured view of their business "pre-SAP" in addition to the data that will be created from the new SAP solution in the future.

Business Case:

Nuestro Queso hits the ground running in its first year of business with SAP Business All-in-One, producing over \$20 million in revenue

Founded by a former merchant banker with the backing of a private equity and several large global consumer products companies, Nuestro Queso began operations in January 2010 with a 65,000 square-foot manufacturing facility in Chicago, Illinois and three distribution centers in New York; Sacramento, California; and Chicago, Illinois. In just one year the company reached annual revenue of approximately \$20 million with more than 100 employees and over 1,000 customers.

Having rapidly established itself on the market, Nuestro Queso will focus on expanding its customer footprint and business primarily through the acquisition and/or build-out of new distribution centers. Its SAP Business All-in-One solution will continue to be the backbone of its thriving business, as well as all new distributions centers that it will bring on board. Its goal is to expand to more than a dozen distributions centers within the next three to five years!

What Motivated the Purchase of a New ERP System?

Since Nuestro Queso is a brand-new business, there was no prior ERP solution, and the SAP solution was truly “green field.” The organization could adopt the best practices offered in the SAP Business All-in-One solution and thus start as an efficient business built on a process that should allow it to pursue its aggressive growth path.

As for selecting SAP, the founder of Nuestro Queso, Guy Paproski, had worked with SAP ERP in his past companies; in the cheese-processing segment, SAP was clearly the gold standard. Additionally, the company knew that the SAP Business All-in-One solution was a solid investment. It provided the rapid scalability and proven best practices that the company required today and was a vendor that it could look to in the future as the company grows.

SAP Business All-in-One Rapid Deployment Solution Implementation Experience

Nuestro Queso implemented an SAP Business All-in-One solution for manufacturing, with a particular emphasis on the sales and distribution components. It also adopted a longer-term view on leveraging the solution’s business intelligence (BI) capabilities. Since the company is

new, it will first need to gather larger volumes of data in order to have actionable information for management.

From the beginning of the implementation Nuestro Queso and its partner, Optimal, sought to leverage as much of the standard solution as possible by adopting the best practices provided with the SAP Business All-in-One solution. The company believes that its culture and processes will be those of an efficient “large enterprise,” even if its initial business is mid-sized and brand new.

The implementation proceeded according to plan and delivered a live SAP solution in less than three months. Since then, the company has increased its spending on SAP training services through its partner; this is due to its fast growth rate and the high number of new employees being brought on board. Additionally, Nuestro Queso is investing in continual training services for all of its SAP users to make sure that its system usage and processes are first rate. As a vertically integrated cheese manufacturer, there are many co-dependencies within its business processes, so the company must be sure of each employee’s commitment to the SAP solution.

As stated previously, Nuestro Queso is building its early foundation on SAP, but as its data history builds, the company is looking to leverage it more through Business Objects Business Intelligence.

Business Value Achieved

Since the company was brand new and had no historical data, it was difficult to create a base line to compare its performance to the running SAP system. However, the company believes that by adopting the best practices of the SAP solution, it will have a long-term advantage over its competitors as it continues to scale and grow in volume.

With this aggressive growth plan, Nuestro Queso expects a series of distribution centers in which SAP will be either the first meaningful business application implemented at the center or a replacement of very limited and antiquated solutions that may already be in place. In either scenario Nuestro Queso will be relying on its SAP Business All-in-One solution as the backbone of its business for years to come.

6. Final comments by PAC

While there are many local options for SMEs to choose from, PAC knows of no other vendor on the market that has successfully served both the large and the small- to medium-sized enterprise segments as successfully as SAP. This is important for SME organizations to understand, because SAP has adapted its product portfolio – especially with the SAP Business All-in-One rapid-deployment solution, support, partners, and services – in order to serve the SME market in the most effective and success-focused manner. At the same time, SME customers of SAP are able to leverage all of the innovation and leadership that SAP has brought to the large enterprise, including the scalability of an integrated business suite, the process and user efficiency that comes from Netweaver, and more recently, pre-integration of business intelligence within the SAP Business All-in-One solution.

A critical question for SMEs to ask is not only whether an ERP solution under consideration can be a suitable and reliable backbone to their business today, but whether the company standing behind the product will be able to support them as they grow in the next three, five, or ten years?

Even in the very short-term, does the solution offer extensions and new functionality to support SMEs as new regulations come up or major changes occur in an SME's specific industry? And in the future, does the company offer a path to solutions that are geared to larger and growing businesses? In PAC's opinion, it is clear that SAP and its SAP Business All-in-One rapid-deployment solution should be the most likely choice for SMEs with long-term vision.

7. About SAP

As market leader in enterprise application software, SAP (NYSE: SAP) helps companies of all sizes and industries run better. From back office to boardroom, warehouse to storefront, desktop to mobile device - SAP empowers people and organizations to work together more efficiently and use business insight more effectively to stay ahead of the competition. SAP applications and services enable more than 109,000 customers to operate profitably, adapt continuously, and grow sustainably. For more information, visit www.sap.com.

8. About Pierre Audoin Consultants (PAC)

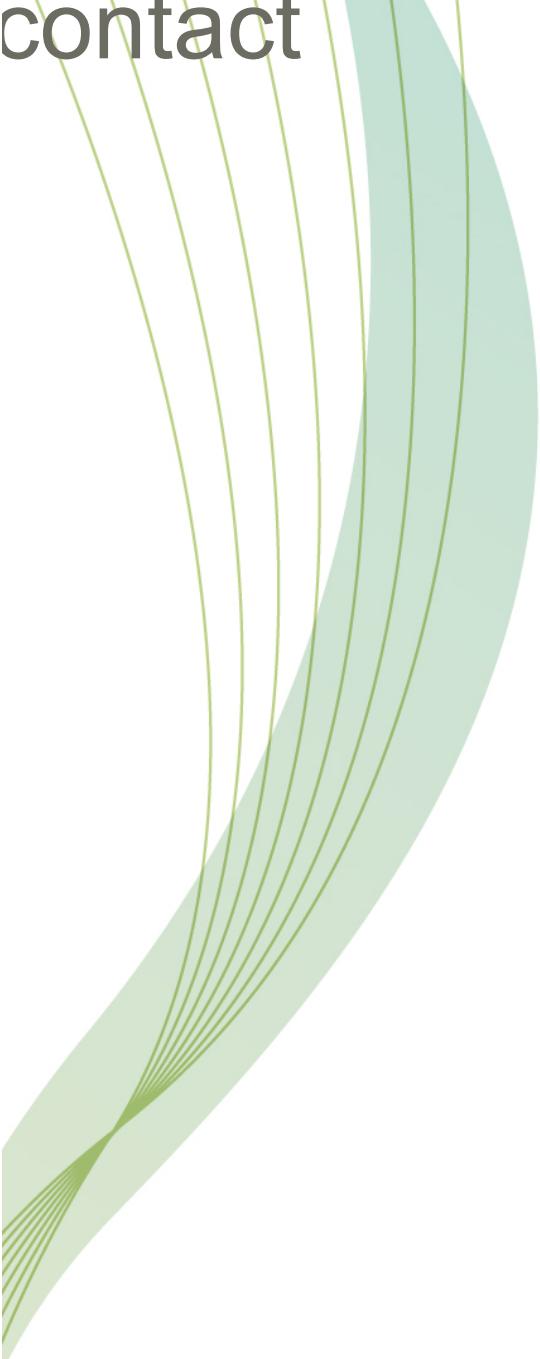
From strategy to execution, PAC delivers focused and objective responses to the growth challenges of Information and Communication Technology (ICT) players.

Founded in 1976, PAC is a privately held research & consulting firm for the software and ICT services market.

PAC helps ICT vendors to optimize their strategies by providing quantitative and qualitative market analysis as well as operational and strategic consulting. We advise CIOs and financial investors in evaluating ICT vendors and solutions and support their investment decisions. Public institutions and organizations also rely on our key analyses to develop and shape their ICT policies.

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