

SAP Best Practices

OPTIMIZE THE IMPLEMENTATION OF BUSINESS SOLUTIONS

USING SAP® BEST PRACTICES FOR
YOUR INDUSTRY



THE BEST-RUN BUSINESSES RUN SAP™



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A FOUNDATION OF INDUSTRY BEST PRACTICES

LEVERAGING KNOWLEDGE FOR A RAPID AND RELIABLE IMPLEMENTATION

Companies evaluate and implement business solutions for a variety of reasons. For example, existing legacy software may be too rigid to provide the agility a company needs to meet rapidly changing customer demands. Makeshift business solutions may fail to provide adequate visibility into a company's operations, hindering its ability to make timely decisions in a fast-paced market. However, most companies implement business solutions because they simply want to improve business performance.

Regardless of the impetus, adopting a new business solution can be a daunting task for midsize companies. In addition to dealing with the time and cost involved, companies often unknowingly recreate inefficient processes and outdated functions when they adopt a "new" solution. They use their legacy systems as references for their new implementations and quickly fall back into the same old ways of doing business. Other companies may start with a blank slate, but they often fail to take full advantage of the expanded functionality offered by their new business solution. They may not understand how the solution can streamline and support critical business scenarios. Even companies that depend on consultants to help them through implementation may find that the consultants have limited knowledge of how to deploy business



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Jim Pall, Vice President of Logistics, Stepan Company

processes and functions efficiently in a new solution and may not support the industry-specific best practices the companies need. For all these reasons, many implementations yield suboptimal results: unnecessary work, additional challenges, and extra costs.

What companies need – particularly midsize companies – is an adaptable recipe for deploying established business processes based on industry

best practices. With this recipe and the proper ingredients, your company does not need to start from scratch to revamp its processes. Instead, it can launch its efforts by leveraging a foundation of knowledge – built by thousands of other companies and an entire ecosystem of business partners. The result is a more rapid and reliable implementation, one that consumes fewer resources and better meets your company's specific business requirements.

SAP® BEST PRACTICES

DELIVERING FAST, PROVEN, AND PREDICTABLE BUSINESS VALUE

SAP® Best Practices packages provide proven methodology, documentation, and preconfiguration that help companies achieve faster time to value with their implementations of SAP software. Using SAP Best Practices, midsize companies can easily implement sophisticated, configurable, and extensible business solutions at a predictable, affordable cost (see Figure 1).

The packages combine the experience of SAP and thousands of industry leaders into integrated, best-practice process flows for SAP software. As a result, companies can start with pre-configured industry and cross-industry best practices rather than beginning the implementation process with a blank slate. And, by using the pre-configured settings, project teams speed up the implementation of SAP applications.

For companies that need industry-specific business solutions, SAP and its partners add industry expertise to SAP Best Practices to create SAP Business All-in-One solutions and qualified SAP All-in-One partner solutions. The results are affordable solutions that meet industry-specific needs. In addition, SAP has recently launched the SAP Business All-in-One fast-start program, which is based on the SAP Best Practices Baseline package.

This program predefines only the most relevant processes and functions for a specific industry to deliver shorter implementation times and predictable costs for a solution with industry best practices built in.

The benefit that small and midsize companies have received from SAP Best Practices as part of SAP Business All-in-One solutions is extensive. To date, more than 10,000 customers in over 50 countries have leveraged SAP Business

All-in-One solutions based on SAP Best Practices. This experience helps SAP continue to refine and improve upon the SAP Best Practices packages.

The biggest benefit of SAP Best Practices packages? Accelerated time to value for companies that implement SAP solutions. Using SAP Best Practices, organizations have reduced implementation time by 30% to 70% and lowered total cost of ownership by up to 11% over a three-year period.¹

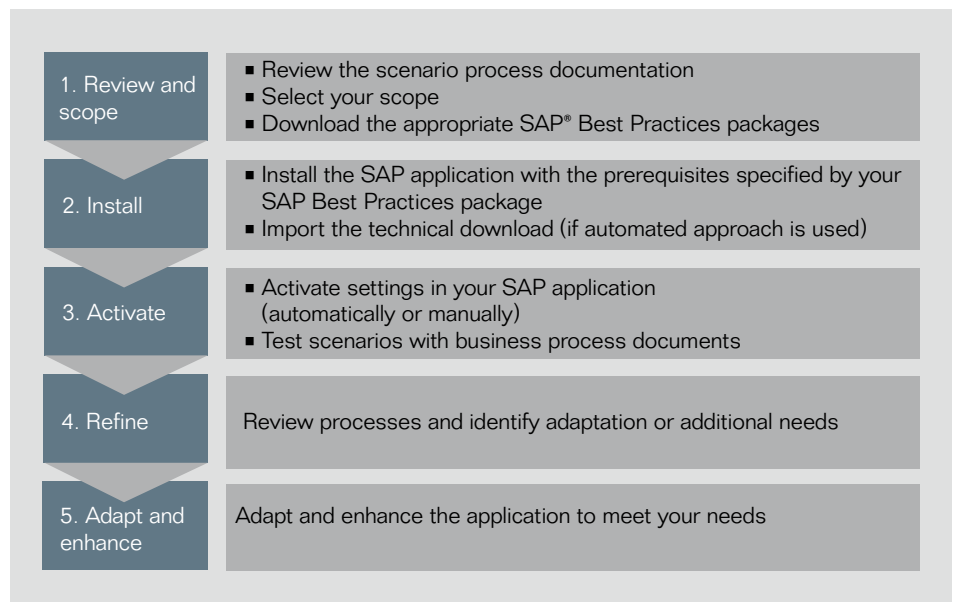


Figure 1: Implementation Approach When Using SAP® Best Practices

¹ Results of a 2004 study of SAP Best Practices by Ludwigshafen University of Applied Sciences. The study has been published by SAP Press: Martin Selchert, *Enhanced Project Success Through SAP Best Practices – International Benchmarking Study*, May 2004.

THE KEY INGREDIENTS FOR A RAPID IMPLEMENTATION

ACCELERATING TO A BUSINESS SOLUTION THAT MEETS YOUR NEEDS

SAP Best Practices includes three key ingredients. With these ingredients, partners and customers have a comprehensive tool set for maximizing the business value of their SAP software. The three key ingredients are:

- **Business process documentation** – Documentation for best-practice business processes is provided for over 25 industries. Process overview presentations and detailed end-user documentation of process flows help you understand and step through the solution.
- **Configuration and activation guides** – Detailed configuration and activation guides speed the configuration of an SAP business solution. These guides detail which configuration settings are activated in the software for future reference and guide you in applying the configuration settings and working with automation tools.
- **Implementation accelerators** – Implementation accelerators speed evaluation, implementation, and training. They include personalization tools, preconfigured settings, and sample master data. There is also a flexible automation tool that enables you to pick and choose only the business processes you need prior to activation in your SAP solution.

Business process documentation, configuration guides, and implementation accelerators help you get your SAP solutions up and running quickly. The result is a rapid – and reliable – delivery of a solution that meets your business needs.

Now, let's take a closer look at the key ingredients to see how they can decrease risk, reduce costs, and enhance the value of business solution implementations.

Business Process Documentation

To get the most out of your business solution, it must support the most streamlined and effective business processes. With SAP Best Practices, you get the documentation you need to accelerate the adoption of industry best practices.

The packages provide business process documentation that includes scenario descriptions, process flow

overviews, and step-by-step user guides. Since this documentation is based on industry and cross-industry best practices, your company saves time because it does not have to develop this content from scratch. For example, SAP Best Practices provides component manufacturers with a flow for how to run procurement processes efficiently. Component manufacturers can start with this content and then focus their time and energy on adapting this flow to meet their specific needs – rather than using valuable time to build the basic business flow.

The documentation provided with SAP Best Practices also helps you identify the appropriate business processes as

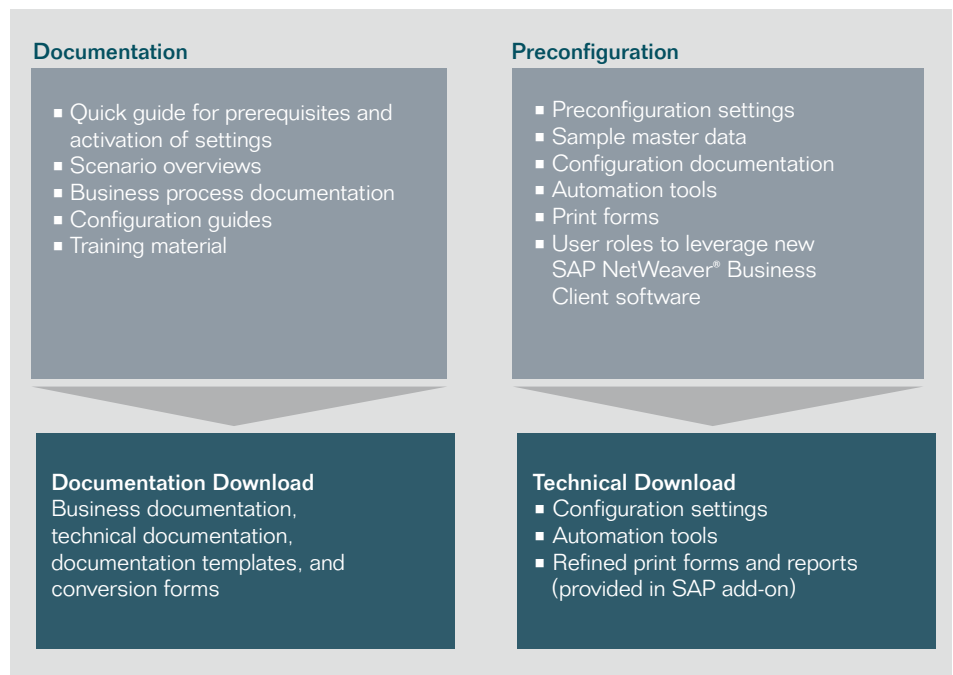


Figure 2: Contents of SAP® Best Practices Packages

well as review and understand process flows prior to implementation. After activating a package, you can use the detailed process documentation to immediately step through the solution to see how the processes can work in your situation. In addition, you can use the documentation for end-user training and testing purposes.

By providing such robust process documentation, the packages offer another benefit – they make it easier for companies to comply with regulatory issues that require transparency and documentation of business processes.

For a list of core business processes supported by SAP Best Practices, see the appendix.

Configuration and Activation Guides

SAP Best Practices provides detailed configuration and activation guides that lead project teams quickly through the process of implementing the pre-configurations delivered in a package. In addition, instructions are included for working with the personalization and automated tools.

The supporting configuration documentation, which specifies the settings that must be activated, can also be used for knowledge transfer and for project documentation. Because this documentation provides details about how the solution is configured, your company has a reference once you've completed the

initial implementation. Publicly traded companies and companies in many different industries can also use this documentation to support regulatory compliance.

Implementation Accelerators

To speed up the solution implementation, SAP Best Practices packages provide flexible implementation accelerators including preconfigured settings, a solution builder, personalization tools, and an implementation assistant. The solution builder enables you to select the business processes you need from the suite of SAP Best Practices packages and then include these in your implementation. For example, a manufacturing company can select the production process appropriate to its specific needs – whether a make-to-stock or a make-to-order manufacturing process.

Personalization tools enable you to adapt the preconfigured settings to match your needs, such as modifying organizational structures or descriptions. Once you have selected the process scope and personalized the settings, you can use the solution builder's implementation assistant – an automated workbench – to activate business scenarios and processes. The implementation assistant then automatically configures the software, significantly reducing implementation time. Some processes require manual activation; for these, SAP Best Practices packages contain detailed instructions.

SAP Best Practices accelerates the implementation process by enabling you to immediately review transactions in the SAP solution. The implementation assistant loads sample master data automatically in conjunction with the configuration settings – so you can view how the solution supports your business processes and evaluate whether the process flows fit your needs as configured.

With all of the implementation accelerators included in SAP Best Practices, companies can create a demonstration solution within hours and a working, fully documented business solution within a few days.

How You Can Get SAP® Best Practices Packages

SAP customers and partners can download SAP Best Practices packages from the SAP Service Marketplace extranet by following the instructions at www.service.sap.com/bestpractices (registration may be required). You receive everything you need to speed the implementation process and begin reaping the benefits of SAP Best Practices: a documentation package that contains business and technical documentation and a technical download that includes configuration settings, automation tools, and print forms and reports (see Figure 2).

SAP BEST PRACTICES IN ACTION

HOW MIDSIZE COMPANIES ARE USING SAP BEST PRACTICES

Midsized companies in all industries can accelerate the time to value for their implementations of SAP solutions by using SAP Best Practices. Let's take a look at examples of how companies that use these packages have been able to rapidly implement their business solutions and achieve significant benefits within a short time frame.

Achieving Visibility Across the Company

A South African specialty food company with complex production demands, Bandito's Chile Company faced many manufacturing and inventory challenges. The company has 40 different product lines with up to 25 ingredients each.

When the company's previous business system failed to keep up with growth, Banditos turned to SAP.

Bandito's worked with SAP partner Systems Consulting and Training Services (SCT Services) to adopt its qualified SAP Business All-in-One partner solution, which is based on the SAP ERP application and the SAP Best Practices for Consumer Products package. SCT Services took just two months to prepare the solution for Bandito's, performing deployment work off-site in its own laboratories to minimize disruption to Bandito's core business. Once the solution was ready to deploy, SCT Services installed it and conducted user training. A week later, production began.

The business impact was immediate and significant. "We wound up with essentially the same set of capabilities as a large manufacturer," explains Kian Macrae, managing director and founder of Bandito's. "Even better, we got a solution that meets the specific needs that a company like ours has in manufacturing, inventory, sales, distribution, finance, and planning. For the first time, we can count on the accuracy of our reports, and we feel 100% in touch with what is happening in the business."



SAP partners extend and enhance SAP Best Practices packages with services and microvertical functionality to create industry-specific, qualified SAP Business All-in-One partner solutions. Ask one of the over 960 certified and experienced SAP partners today for details.

Adapting Best Practices, Supporting Compliance

Stepan Company, a global chemical manufacturer headquartered in Illinois, struggled with business-critical information residing on disparate systems dispersed over four continents. Some of Stepan's systems were more than

25 years old, and many could not be linked to the Internet. In addition, whenever Stepan acquired new businesses, it had to integrate the acquisitions into the existing infrastructure but often found this impossible because of system incompatibilities. As a result, the company was forced to perform many business processes manually, which not only proved time consuming and led to redundancies but also provided only limited transparency of information.

To address these challenges and enable easier compliance with a myriad of federal, state, and local regulations, Stepan chose SAP software and the SAP Best Practices for Chemicals package. Jim Pall, Stepan's vice president of logistics, explains the benefits of this approach: "Even though Stepan considers many of its practices and processes to be unique, we found that the preconfigured settings were extremely valuable to our employees on the implementation team. They provided a basis for us to understand how a 'generic' chemical company would implement the SAP solution. We were then able to modify the configuration to fit our needs."

Stepan's SAP implementation project extended across 10 North American locations. The implementation was completed on time and within budget and has provided many of the benefits the company expected. "The preconfigured offering was certainly one of the

many reasons for that success," Pall says. Stepan has since expanded its SAP solution and has included integration with its European locations. "... our employees in sales, marketing, and finance have access to all the global data they need," adds Pall. "Today employees can pull the information they require and know that it's

Practices can reduce project time, minimize project risks, and generate real business value in a short amount of time. Companies of all sizes can join Bandito's Chile Company and Stepan Company to streamline project implementation, lay the foundation for growth, and leverage best practices to improve efficiencies.

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Kian Macrae, Managing Director and Founder, Bandito's Chile Company

up-to-date to the moment. This has led to incredible efficiency improvements." For example, it once took two to three weeks to close the books at several facilities; now all the company's facilities close books in roughly three days.

Learn How Best Practices Can Improve Your Company's Time to Value

SAP Best Practices packages provide companies with all the necessary ingredients – business process documentation, configuration and activation guides, and implementation accelerators – to speed up time to value and the adoption of business processes without "reinventing the wheel." In addition, companies using SAP Best

For More Information

To learn more about how SAP Best Practices packages can accelerate the implementation of SAP software and help you take full advantage of best business processes in your industry, call an SAP representative today or visit www.sap.com/bestpractices.

SAP® Best Practices packages include preconfigured scenarios for the following core business processes:

- Financials
- Sales
- Customer relationship management
- Purchasing
- Inventory management
- Manufacturing
- Analytical reporting
- Human resource management

Each SAP Best Practices package provides easy-to-implement, scalable methods, preconfigured settings, and tools for a range of cross-industry and industry categories. See the tables for examples of the types of business processes covered by cross-industry and industry-specific SAP Best Practices packages.

Cross-Industry SAP Best Practices packages	Sample Business Processes
Baseline (for enterprise resource planning)	<ul style="list-style-type: none"> ■ Financial accounting (general ledger, accounts payable and receivable, asset management, and more) ■ Sales and operations planning (S&OP) ■ Order to cash ■ Procure to pay ■ Forecast to stock ■ Make to stock ■ Repetitive manufacturing ■ Service with time- and material-based billing ■ Returns and complaints
Business intelligence	<ul style="list-style-type: none"> ■ Sales analysis ■ Inventory analysis ■ Billing booking and backlog analysis ■ Cost-center planning
Customer relationship management	<ul style="list-style-type: none"> ■ Sales – opportunity and activity management ■ Sales – quotation and order management ■ Interaction center – inbound and outbound telesales ■ Service and support
Governance, risk, and compliance	<ul style="list-style-type: none"> ■ Risk analysis and remediation ■ Enterprise role management ■ Super-user privilege management ■ Compliant user provisioning
Human resource management	<ul style="list-style-type: none"> ■ Organizational management ■ Payroll ■ Benefits ■ Compensation management
Mobile asset management	Work order management
Supply chain management	Make to order with availability check

Industry SAP Best Practices packages	Sample Business Processes
Discrete manufacturing	<ul style="list-style-type: none"> ▪ Logistics planning ▪ Make-to-stock manufacturing ▪ Make-to-order manufacturing ▪ Engineer-to-order project manufacturing ▪ Subcontracting ▪ Production reworking ▪ Engineering change management
Process manufacturing	<ul style="list-style-type: none"> ▪ Materials management ▪ Batch management ▪ Quality management ▪ Production planning ▪ Active ingredient processing and material quantity calculation ▪ Warehouse management
Professional services	<ul style="list-style-type: none"> ▪ Client and project acquisition ▪ Engagement management ▪ Incident management ▪ On-site repair services ▪ Service-level agreement management
Retail	<ul style="list-style-type: none"> ▪ Promotion management ▪ Sales order management ▪ In-store customer relationship management ▪ Procurement of replenishable merchandise ▪ Merchandise distribution
Wholesale distribution	<ul style="list-style-type: none"> ▪ Cross-docking ▪ Direct store delivery ▪ Business-to-business e-commerce Web site ▪ Integrated warehouse management ▪ Transportation management ▪ Indirect sales with extended rebate processing

An extensive list of industry and cross-industry SAP Best Practices packages is available at <https://service.sap.com/bestpractices> (registration may be required) under *Release Planning*.

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