SAP Solutions for Small Businesses and Midsize Companies

ACHIEVING OPERATIONAL EFFICIENCY

BUSINESS SOLUTIONS FOR MIDSIZE COMPANIES FROM SAP

THE BEST-RUN BUSINESSES RUN SAP™

CONTENT

4 Sharpening Your Company's Edge
4 Turning Challenges into Opportunities
4 What Is the Best Way Forward?
4 Automating Workflows
5 Eliminating Waste and Errors, Impressing Customers
5 Resolving Information Disconnects
5 Improving Resource Management
5 Increasing Flexibility
5 Enhancing Responsiveness
5 Enabling New Processes
5 Intensifying Collaboration
5 Outsourcing

6 Achieving Operational Efficiency
6 Key Benefits of a Comprehensive Business Solution

7 Addressing Core Business Process Efficiency
7 Financials and Controlling
7 Purchasing and Supply Chain Management
8 Sales and Customer Order Management
8 Inventory Management
8 Analytical Reporting
8 Human Capital Management

9 Addressing Industry-Specific Process Efficiency
9 Discrete and Process Manufacturing
9 Wholesale, Retail, and Distribution
9 Professional Services

10 IT Efficiency – Now and in the Future
10 Overcoming Legacy Solutions Limitations
10 Built-In Best Practices
10 Accelerating Time to Value

11 Summary
11 Find Out More
11 What Are Your Specific Needs?

Overview

Midsize companies today more than ever face the challenge of improving operational efficiency. They need business solutions that will help them:

- Make smarter decisions
- Respond more quickly to changes in the marketplace
- Effectively control their cost structure
- Consistently meet quality standards

This paper examines integrated, proven business solutions with deep, industry-specific functionalities that adapt to the unique needs of midsize companies in an affordable, predictable way. These solutions enhance business agility, improve operational efficiency, and strengthen customer relationships, so midsize companies can run their businesses efficiently and competitively, today and in the future.

SHARPENING YOUR COMPANY'S EDGE

OVERCOME CHALLENGES WITH OPERATION EFFICIENCY

Speed, responsiveness, flexibility, quality, and strong customer relationships – these are the hallmarks of success in midsize companies. Due to industry specialization and customer intimacy, these organizations tend to have an edge over large multinational corporations in many market segments.

Operational efficiency helps midsize companies overcome the manifold challenges they face today: a global and fiercely competitive marketplace, pressure from large players, regulatory issues, and a relentless pace of change that makes it hard to sustain profitable growth.

Turning Challenges into Opportunities

When it comes to achieving operational efficiency, the right business solution can make all the difference. The right business solution is the one that helps a midsize company overcome its most pressing challenges while leveraging the vast opportunities of change for lucrative new revenue streams and healthy profit margins:

- **Globalization** – With more companies entering the fray, competitive pressure grows. However, organizations that learn to leverage the benefits of globalization can deliver quality products and compete on price at international levels. They can tap into global markets for lower-cost suppliers and win additional customers in new markets.
- **Market consolidation** – As markets consolidate, midsize companies face large and powerful rivals, as well as customers. With increased buying power, larger companies lower their production costs and increase the price pressure on their competitors. Market consolidation can also lead to more buying power and, consequently, growing price pressure on the customer side.
- **Accelerating pace of innovation** – With rivals delivering low-cost products to market faster than ever, companies require business solutions that enable them to deliver customer-centric products (plus value-added services for differentiation) ahead of the competition.
- **Competition for resources** – Companies face stiff competition for financial capital, skilled human resources, and materials. To stay competitive, to attract needed capital, to find key employees, and to source from the best suppliers, they need to operate as efficiently as possible.
- **Regulatory compliance** – Companies often lack the resources needed to fully address regulatory issues. Operational efficiency, boosted by a high degree of automation in arenas such as the management of electronic records, means that they consistently meet regulatory requirements with minimum outlay.

What Is the Best Way Forward?

To achieve operational efficiency, midsize companies need to have a business solution in place that enables them to take a holistic approach to key processes across and beyond the company.

Automating Workflows

Midsize companies need to evolve from slow, inefficient, error-prone, and disrupted manual workflows to coherent, integrated, and highly efficient workflows supported by an unprecedented degree of automation. By establishing such workflows, they can achieve a number of goals. For instance, they can substantially reduce manual effort in process management and administration. On the customer relationship side, they can improve the customer experience and make it easier for customers to do business with them, such as

through customer self-service portals that provide 24x7 shopping facilities and insight. Additionally, automated workflows help companies to free up scarce resources for tasks that contribute to the bottom line.

Eliminating Waste and Errors, Impressing Customers

Midsize companies need to be able to leverage business information for planning and business decisions based on one version of the truth. Reliable access to timely and coherent business information helps companies to reduce waste, errors, and customer complaints. Up-to-the-minute insight into the status of each business process enables these firms to align effort with business needs. Insight into buying patterns and the customer experience helps them to consistently deliver on customer expectations. Customer insight into the status of current orders improves customer satisfaction and retention.

Resolving Information Disconnects

Midsize companies need to resolve information flow disconnects by overcoming information silos and integrating information islands to improve the flow of information within the company and with external stakeholders. For instance, companies need to find ways of efficiently sharing relevant information with business partners, suppliers, customers and regulatory agencies. They need to establish end-to-end workflows that speed up time to value and time to market. Last but not least, they need to ensure anytime, anywhere access for mobile employees.

Improving Resource Management

Midsize companies need to optimize resource utilization. They need to have the right assets – including people and equipment – in the right place at the right time to avoid over- or understaffing, over- or understocking, or costly idle time. By minimizing inventory volumes and accelerating inventory turnover, they reduce capital lockup and warehousing costs.

Increasing Flexibility

Midsize companies need to be able to quickly adapt their business workflows in order to flexibly respond to changes in their business environment. They need to adjust planning, production, and delivery in pace with changing market requirements. To ensure that they are not caught off guard by disruptive events, firms need to prepare for the unexpected.

Enhancing Responsiveness

Midsize companies need to build customer- and supplier-centric processes that enable them to rapidly respond to changing needs along their value delivery chain. To enhance customer retention and trust, they need to remain nimbler and closer to their customers than cut-price competitors. They need to establish key differentiators such as value-added services like convenient customer self-service or a single point of contact for issues.

Enabling New Processes

Midsize companies need easy-to-use and easy-to-manage solutions to benefit from innovative approaches to doing business at Internet speed. They need to find robust and cost-effective ways to link into e-business value chains, so they can buy and sell goods and services without geographical limits.

Intensifying Collaboration

Midsize companies need to tap into the potential of collaborative business models that integrate suppliers, partners, and customers to deliver on expectations along the entire value chain. Striving for greater cost-effectiveness and extended business reach, firms need to support and enable the pooling of resources – both internally and externally – and flexibly establish partnerships to jointly deliver what no entity could deliver on its own.

Outsourcing

Midsize companies need to be able to outsource tasks that are not part of their core competencies. An intelligent and controlled approach to outsourcing enables these firms to become more productive and responsive while reducing internal effort and costs. They must find an approach to outsourcing that helps them to improve the quality of processes, goods, and services, and – ultimately – to optimize the customer experience.

In any company, the alignment of IT with the business is critical to sustained success.

ACHIEVING OPERATIONAL EFFICIENCY

THE RIGHT BUSINESS SOLUTION ENSURES SPEED, FLEXIBILITY, AND RESPONSIVENESS

The sustained success and profitability of any midsize company hinge upon its ability to flexibly adapt to changes in the market, build lasting relationships with customers, and get to market quickly. Meeting these business objectives can be daunting and time-consuming, particularly when the existing solutions are not fully integrated and lack functionality to support the company in its business. What companies need is a comprehensive, integrated business solution that helps them to optimize operational efficiency by aligning and integrating workflows and processes along the entire value chain.

As a midsize company grows – adding headcount, expanding into new regions or lines of business, and opening new plants – it needs to achieve operational efficiency to ensure that its business grows faster than its costs.

Key Benefits of a Comprehensive Business Solution

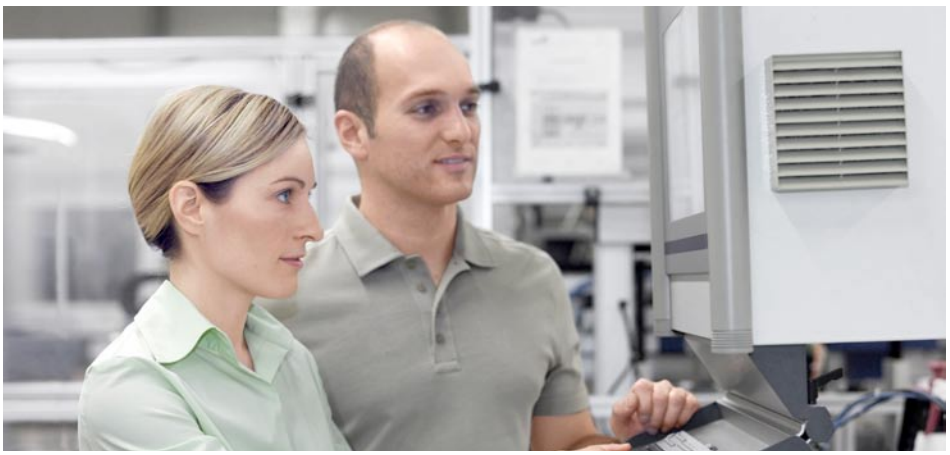
An effective business solution does much more than simply improve individual processes: it streamlines operations, supports teamwork and global operations, and fosters compliance. By ensuring speed, flexibility, and responsiveness as a company grows, the right business solution helps companies improve operational efficiency, customer service, and innovation. For instance:

- The sharing of the same consistent master data prevents errors and accelerates business processes. There is no need to rekey data multiple times via multiple interfaces. There are no multiple (and out-of-sync) instances of the same records.
- Synchronization helps to speed up order fulfillment by considerable margins. When a new customer order is entered in sales, the purchasing and production planning departments are instantly notified to ensure that the right stock is made available on the shop floor at the right time to complete the order with minimum inventory and with optimal use of available assets. The production schedule precisely allocates the (internal as well as external) production facilities and resources required to ensure on-time delivery.
- Via the same consistent interface, users can instantly access the information they need (and are authorized to use) for their specific roles. There is no need to request reports from other departments or to look up data in other applications. The business solution ensures fast access to accurate, consistent, and to-the-point information.

These are just some examples of how the right business solution delivers the big picture, ensuring that information is delivered to the right recipients in a timely manner so that all of the resources at the company's disposal contribute to the bottom line.

ADDRESSING CORE BUSINESS PROCESS EFFICIENCY

SAP® BUSINESS ALL-IN-ONE DELIVERS PERFORMANCE, QUALITY, CONSISTENCY



Midsize companies need a business solution that provides insight into and end-to-end control of the business as a whole.

The SAP® Business All-in-One solution provides a single, seamlessly integrated enterprise resource planning solution designed specifically for the needs of midsize companies. It offers comprehensive support for basics such as financials, order management, and purchasing, as well as for industry-specific processes. Over 11,000 companies use SAP Business All-in-One to ensure the performance, quality, and consistency of core business processes. SAP Business All-in-One supports these companies in making smarter decisions, responding more quickly to changes in the marketplace, taking control of their cost structure, and consistently meeting quality standards.

Financials and Controlling

Midsize companies must ensure that their financial statements and internal management reporting accurately reflect their profits, losses, assets, and liabilities. In addition to providing functions that support financial processes such as profit and loss statement, general ledger, and accounts payable and receivable, SAP Business All-in-One provides a management accounting tool to monitor and control performance by integrating all operative transactions throughout the company. Accounting maintains a consistent, reconciled, and auditable set of books for use in statutory reporting and by analytic applications. As a result, companies that use SAP Business All-in-One are better able to take control of their profitability.

Purchasing and Supply Chain Management

SAP Business All-in-One enables midsize companies to collaborate more efficiently and cost-effectively with supply chain partners. This solution automates receivables and payment processing using Web and electronic payment standards, reducing the complexity of interunit cash transfers and international banking transactions. It enables the corporate treasury function to more effectively manage risk through modeling the current and future market environment, performing a thorough risk analysis before making investment decisions, and measuring hedging effectiveness. By covering the full supply cycle, from strategic sourcing to supplier enablement, SAP Business All-in-One allows companies to optimize supplier selection and compress sourcing cycle times.

Sales and Customer Order Management

With built-in sales and customer order functionality, companies can expand online sales and provide better customer service using Web-based e-commerce and customer self-service. For instance, via an intuitive self-service portal, customers can view the status of their purchase orders 24x7 and can make changes online. Effective customer relationship management helps improve the quality of customer-facing processes and ensure sustained customer satisfaction and retention.

SAP Business All-in-One equips the sales organization with tools that maximize productivity and help to meet customer demands. Sales order management facilitates sales quotations, as well as sales order processing, delivery, billing, and payment. As a result, the sales organization can execute customer sales orders faster and more efficiently. SAP Business All-in-One supports the entire quote-to-cash process from sales order creation to settling customer accounts, enabling companies to streamline key sales processes and functions.

Inventory Management

Reliably tracking the quantity, value, and movement of inventory is crucial for optimized operations and accurate accounting records. SAP Business All-in-One fully supports the inventory management process for midsize companies with functionality for physical goods movements, planning, and stock taking. Through supporting effective inventory management, companies can deliver high-quality customer service levels while reducing excess inventory at all points in the supply chain.

SAP Business All-in-One helps manufacturers to create feasible, optimized production schedules that take into account real-time material and capacity constraints, ensuring a fast, flexible approach to engineering changes and customer requirements.

Analytical Reporting

Making the best business decisions requires visibility into organizational performance. SAP Business All-in-One provides the insight midsize companies need into all areas of the business and enables real-time data analysis that can help predict business outcomes. SAP Business All-in-One supports analytical reporting that includes standard, analytical, and ad hoc reporting for financials, sales, procurement, and human capital management (HCM).

Human Capital Management

Effectively managing the workforce is crucial for any company. SAP Business All-in-One helps companies manage organizational and staffing change; conduct and document applicant and personnel actions; maintain, enter, and evaluate time data; change work schedules; view quotas; and streamline payroll processes. By supporting effective HCM, SAP Business All-in-One makes it easier for midsize companies to use their workforces to build competitive advantage.

ADDRESSING INDUSTRY-SPECIFIC PROCESS EFFICIENCY

BUILT-IN SUPPORT FOR INDUSTRY BEST PRACTICES

To meet their specific needs without having to reinvent the wheel, companies need comprehensive solutions that support the way they do business.

SAP and its partners offer complete, proven SAP Business All-in-One solutions with built-in support for industry best practices that can be adapted to meet each midsize company's unique and changing business needs – at a predictable cost of ownership. SAP Business All-in-One offers highly configurable software that is easily adjusted when business requirements shift.

SAP Business All-in-One helps manufacturers to create feasible, optimized production schedules that take into account real-time material and capacity constraints, ensuring a fast, flexible approach to engineering changes and customer requirements.

Discrete and Process Manufacturing

Discrete manufacturing processes supported by SAP Business All-in-One include:

- Logistics planning
- Make-to-stock manufacturing
- Make-to-order manufacturing
- Engineer-to-order project manufacturing
- Subcontracting
- Production rework
- Engineering change management

Process manufacturing processes supported by SAP Business All-in-One include:

- Materials management
- Batch management
- Production planning
- Active ingredient processing and material quantity calculation
- Warehouse management

Wholesale, Retail, and Distribution

Wholesale, retail, and distribution processes supported by SAP Business All-in-One include:

- Cross-docking
- Direct store delivery
- Integrated warehouse management
- Transportation management
- Indirect sales with extended rebate processing
- Sales order management
- In-store customer relationship management
- Procurement of replenishable merchandise
- Merchandise distribution

Professional Services

Professional services processes supported by SAP Business All-in-One include:

- Client and project acquisition
- Engagement management
- Incident management
- On-site repair services
- Service-level agreement management

IT EFFICIENCY – NOW AND IN THE FUTURE

BUSINESS PROCESS PLATFORM MUST ENABLE EXTENSIBILITY, INTEGRATION

A company's IT infrastructure has to keep pace with the evolution and growth of corporate business – or the company will lose the agility that has made it successful. Because SAP Business All-in-One is built on a business process platform that enables extensibility and integration with third-party applications, companies can easily integrate their SAP Business All-in-One solution with their existing environment.

Overcoming Legacy Solutions Limitations

The success of midsize companies is often hampered by business solutions that simply cannot keep up with business growth. Unsophisticated solutions, with their array of disparate applications, lack the capability to effectively support routine tasks and are often poorly integrated, making them time-consuming and expensive to manage and maintain. For a company focused on profitable growth, an ineffective technology infrastructure can be a serious impediment. Responsiveness can be impacted by systems that cannot scale to handle the increased number of transactions generated by a growing customer base. Communications with geographically dispersed suppliers, partners, and customers can become evermore challenging. Disjointed, nonintegrated systems are also likely to impair visibility into business operations. SAP Business All-in-One instantly overcomes all of these limitations.

Built-In Best Practices

SAP Business All-in-One includes the SAP Best Practices family of packages, which provides preconfiguration to help companies quickly deploy proven business operations and processes. The benefits of SAP Best Practices are significant. Preconfiguration allows a company to leverage the processes used by leading firms in its industry. And SAP Best Practices reduces total implementation time by an average of 32%. Activating preconfigured settings is straightforward with the detailed guides provided with SAP Best Practices.

As part of SAP Business All-in-One, SAP Best Practices allows a company to view a fully running demonstration for a sample company, based on information included with SAP Business All-in-One. Populated with sample master data, it demonstrates all the roles and processes that a typical midsize company might use to run its business. In addition to providing the most commonly used processes, the demonstration also helps firms identify areas requiring adaptation. Companies can elect to use the sample company's preconfigured processes in their entirety, modify them, or build on them to develop their own unique processes.

Accelerating Time to Value

To ensure that SAP Business All-in-One works in line with each company's business, it is delivered and preconfigured by partners who leverage their in-depth industry knowledge to provide tailored solutions. These partners ensure that SAP Business All-in-One delivers on the unique requirements of each company. And SAP Business All-in-One provides the investment protection that organizations demand: because the core functionality of SAP Business All-in-One is standardized, customization effort does not need to be duplicated when a new version comes onstream.

SAP Business All-in-One supports companies in making smarter decisions, responding more quickly to changes in the marketplace, taking control of their cost structure, and consistently meeting quality standards.

SUMMARY

MEETING THE BUSINESS NEEDS OF MIDSIZE COMPANIES

Midsize companies can use SAP Business All-in-One – designed, delivered, and deployed in the right way, and tuned to their specific requirements – to achieve the operational efficiency they need to stay the course in times of turmoil. The solution enables companies to:

- Cut costs while enhancing their business reach
- Address their customer and market requirements
- Deliver on their industry needs
- Meet their unique business process and organizational needs

Find Out More

To find out more about how you can join the thousands of midsize companies that rely on SAP business solutions to outperform the competition, call your SAP representative, or visit us today at www.sap.com/solutions/sme/businessallinone.

What Are Your Specific Needs?

What are your most pressing challenges? Which improvements in basic operations are likely to deliver the greatest benefits? If you think you have done all you can to improve operational efficiency within your company, think again. Use this document to check where your company currently stands in terms of process efficiency and where there is room for improvement. Find out today how the SAP® Business All-in-One solution can help you to optimize key business processes.

50 089 195 (10/06)
©2010 SAP AG. All rights reserved.

SAP, R/3, SAP NetWeaver, Duet, PartnerEdge, ByDesign, SAP BusinessObjects Explorer, and other SAP products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of SAP AG in Germany and other countries.

Business Objects and the Business Objects logo, BusinessObjects, Crystal Reports, Crystal Decisions, Web Intelligence, Xcelsius, and other Business Objects products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of Business Objects Software Ltd. in the United States and in other countries.

All other product and service names mentioned are the trademarks of their respective companies. Data contained in this document serves informational purposes only. National product specifications may vary.

These materials are subject to change without notice. These materials are provided by SAP AG and its affiliated companies ("SAP Group") for informational purposes only, without representation or warranty of any kind, and SAP Group shall not be liable for errors or omissions with respect to the materials. The only warranties for SAP Group products and services are those that are set forth in the express warranty statements accompanying such products and services, if any. Nothing herein should be construed as constituting an additional warranty.

www.sap.com/contactsap

THE BEST-RUN BUSINESSES RUN SAP™