FEDERAL EMPLOYMENT AGENCY

FULL CONTROL OVER FINANCIAL PROCESSES – AT ALL TIMES – WITH SAP® ERP

"We achieved all objectives. The challenge was to replace outdated systems and map 48 essential procedures in two and a half years and integrate them into SAP ERP. We switched all financial administration processes – without affecting our millions of customers."

Herbert Pick, General Project Manager, Federal Employment Agency

QUICK FACTS

Company
- Name: Federal Employment Agency
- Headquarters: Nuremberg, Germany
- Industry: Public sector
- Products and services: Employment services
- Budget: €48 billion
- Employees: 119,500
- Web site: www.arbeitsagentur.de

Challenges and Opportunities
- Meet growing user demand and new departmental requirements
- Enable support for expansion and growth
- Eliminate redundancies (data and processes)

Objectives
- Replace existing IT systems as well as applications (that can only be maintained at high cost by experts) with adaptable, flexible, future-proof SAP® solutions
- Set up basis for double-entry accounting to help ensure compliance with fiscal accounting requirements
- Ensure a smooth changeover to avoid adverse effects on customers
- Establish an integrated IT platform for enterprise resource planning (ERP)

SAP Solutions and Services
- SAP ERP application
- SAP ERP Financials solution
- SAP for Professional Services solutions
- SAP Education offerings

Implementation Highlights
- Completed on schedule and within budget, despite project's size
- Successfully linked specialized procedures to the future-proof ERP solution

Why SAP
- Most economic offer (price and performance) according to federal German public procurement law
- Flexible functionality; ability to connect various specialized processes to SAP ERP and map important functions
- Large number of business processes supported
- Support for double-entry accounting and fiscal accounting for analyses and external reports

Benefits
- Reliable, powerful, extensible, and future-proof software environment
- Availability of all required and familiar functions in financials and HR
- Less dependence on individual experts, thanks to the use of standard software
- Easy extensibility of solution to meet future requirements
- Transparency of all postings

Existing Environment
- SAP ERP (functions for contract accounting)
- SAP ERP Human Capital Management solution
- SAP NetWeaver® technology platform

Bundesagentur für Arbeit

The Federal Employment Agency (Bundesagentur für Arbeit) is the largest agency of its kind in Germany. As a self-administered public sector entity, it is responsible for a wide range of business tasks. In addition to its headquarters in Nuremberg, the organization has 10 regional head offices, 178 employment agencies, and more than 600 branch offices.

The agency, which operates one of the largest IT landscapes in Germany, had long been using a mix of software solutions, many of which were developed individually and without standardized software architectures. The lack of integration between these solutions resulted in redundant data and functions. In addition, the Federal Employment Agency was challenged by a wide range of outdated technologies and programming languages (Assembler, COBOL), operating systems, and databases.

"We also had numerous 'intellectual monopolies' – in other words, only a few employees possessed urgently required IT expertise," recalls Herbert Pick, the general project manager responsible for the enterprise resource planning (ERP) project at the Federal Employment Agency. "If one of these colleagues left the agency, valuable knowledge about essential systems would be lost. As more and more people went into retirement, this started to become a real problem." Ultimately, the old IT infrastructure could not meet new departmental requirements and growing user demand.

Complete Transfer of Existing Procedures

In 2007 the agency tendered bids to a number of ERP software vendors throughout Europe. "We had several objectives in mind. We wanted to replace the outdated IT infrastructure with powerful, state-of-the-art, standardized software that was future proof and could be efficiently maintained from the start. We also wanted a solution that had a high degree of scalability to support expansion at a later date," states Pick.

Ultimately, the Federal Employment Agency chose the SAP® ERP application. "The SAP solution impressed us because it could be adapted to support specialized procedures pertinent to the agency's services," explains Pick. "This was extremely important, because under no circumstances could the current procedures be changed or discontinued. We needed to connect a total of 13 of these procedures to the ERP software."

Fifteen Million Transactions Each Month

Along with SAP and several subcontractors such as Accenture, the agency launched the large-scale project in October 2008. The goal: go live with the new ERP software on January 1, 2011. "We couldn't afford any mistakes. It would have been unthinkable if just a small portion of the 15 million monthly bank transactions, which collectively total around €10 billion, could not have been executed correctly," says Pick.

From the very start of the modernization project, Pick had full support of the agency's top managers. Direct access to the chairman of the managing board also ensured that all issues

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> **Herbert Pick,** General Project Manager, Federal Employment Agency

were resolved quickly and efficiently. "The support from top management as well as executive input is critical to successfully implementing a project of this magnitude," says Pick.

Ultimately, the changeover occurred with practically no difficulties. "In view of the project's size alone, the fact that we made the switch to SAP ERP on the key date without any problems is a great success. We adhered to the budget, and at the time of the changeover, our customers hardly noticed the switch to the new ERP solution," comments Pick.

On January 3, 2011, more than 30,000 agency employees successfully logged on to the new system. "Everyone involved in the project demonstrated a high degree of commitment and cooperation. In addition to having SAP ERP up and running on time and staying within budget, all quality targets were met," recalls Pick with pride.

Four Months of Training for Thousands of Employees

It took just four months of training to get users up to speed with the SAP software. And any issues that resulted from the changeover were quickly resolved by SAP consultants. Currently, around 100,000 users work with the new SAP software – which includes some 84,000 financial employees who process all internal transactions (such as billing, funds management, budget management, cash accounting, and receivables collection) using the SAP ERP Financials solution.

According to Pick, the new software landscape proved its worth within months of going live. High volumes of transactions can now be processed reliably and, for the most part, without any problems. With SAP ERP, the agency has also laid the foundation for double-entry accounting and now has the support it needs to meet public sector requirements for fiscal accounting.

Further Efficiencies, Mapping of Processes

The German Federal Employment Agency wanted far more than just a stable, scalable ERP landscape that can reliably process several million transactions per night. It also wanted a future-proof system, which is why it is expanding its use of the SAP ERP application and introducing more functionality. Overall, the agency is looking at more than 40 individual business processes where it can use the software to introduce further efficiencies – for example, in contract management and purchasing (procurement of office supplies, IT equipment, furnishings, consumable materials, and more) as well as to support various employment services. In purchasing alone, Pick hopes to realize significant improvements, since the Federal Employment Agency works with thousands of service partners throughout Germany, processing a huge number of related transactions. The agency began mapping the first of several processes in this area at the start of 2012.

"We can say without exaggeration that we have invested in the right solution. The reliability of our critical processes alone justifies the acquisition. If you add to this the expected gains in efficiency, the move to SAP ERP will be a real success story," says Pick.

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