

**SAP Solution in Detail
SAP for Media**



THRIVING IN A DIGITAL ECONOMY AS A PREMIUM CONTENT OWNER

**Increase Flexibility, Drive Innovation,
and Support Business-Critical Processes**

© Copyright 2008 SAP AG. All rights reserved.

No part of this publication may be reproduced or transmitted in any form or for any purpose without the express permission of SAP AG. The information contained herein may be changed without prior notice.

Some software products marketed by SAP AG and its distributors contain proprietary software components of other software vendors.

Microsoft, Windows, Excel, Outlook, and PowerPoint are registered trademarks of Microsoft Corporation.

IBM, DB2, DB2 Universal Database, OS/2, Parallel Sysplex, MVS/ESA, AIX, S/390, AS/400, OS/390, OS/400, iSeries, pSeries, xSeries, zSeries, System i, System i5, System p, System p5, System x, System z, System z9, z/OS, AFP, Intelligent Miner, WebSphere, Netfinity, Tivoli, Informix, i5/OS, POWER, POWER5, POWER5+, OpenPower and PowerPC are trademarks or registered trademarks of IBM Corporation.

Adobe, the Adobe logo, Acrobat, PostScript, and Reader are either trademarks or registered trademarks of Adobe Systems Incorporated in the United States and/or other countries.

Oracle is a registered trademark of Oracle Corporation.

UNIX, X/Open, OSF/1, and Motif are registered trademarks of the Open Group.

Citrix, ICA, Program Neighborhood, MetaFrame, WinFrame, VideoFrame, and MultiWin are trademarks or registered trademarks of Citrix Systems, Inc.

HTML, XML, XHTML and W3C are trademarks or registered trademarks of W3C®, World Wide Web Consortium, Massachusetts Institute of Technology.

Java is a registered trademark of Sun Microsystems, Inc.

JavaScript is a registered trademark of Sun Microsystems, Inc., used under license for technology invented and implemented by Netscape.

MaxDB is a trademark of MySQL AB, Sweden.

SAP, R/3, xApps, xApp, SAP NetWeaver, Duet, PartnerEdge, ByDesign, SAP Business ByDesign, 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 in several other countries all over the world. 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.

CONTENTS

- Executive Summary** 4
- Stay Current with Trends and Ahead of the Competition 5
 - Address New Standards and Regulations 5
 - Adapt to Changing Customer Buying Behavior 6
 - Facilitate Globalization 6
 - Leverage IT and the Infrastructure Revolution 6
 - Partner with a Proven Global Provider 6
- Integrated Solution for Every Scenario 7
- Idea to Product 8
 - Title Life Cycle Planning and Accounting 8
 - Author Relationship Management 9
 - Editorial Collaboration 9
- Customer Acquisition and Retention 10
 - Account and Contact Management 10
 - Marketing and Campaign Management 10
- Content Licensing 10
- Ad Sales 11
- Supply Chain Management 11
 - Plant and Manufacturing 11
 - Inventory Control 11
- Product and Content Sales 12
 - One-Time Sales and Subscription Sales 12
- Enterprise Management 12
 - Enterprise Services 13
- Business Support 13

- A Host of Benefits** 14

- Learn More** 15

EXECUTIVE SUMMARY

Today's publisher faces a myriad of challenges. Publishing has become a complex, highly competitive business where the rules, audiences, and modes of delivery can change overnight. As a premium content publisher, your organization needs to be agile and highly tuned to your audience, and operate at the greatest efficiency to achieve and maintain a profit. This is no news to those of you in the trenches, you heroes of the written word who battle for readers everyday. The good news is there are tools at your disposal that can help you more effectively win readers and maintain profit margins.

The SAP for Media solution portfolio is the industry's most comprehensive set of business solutions that help publishers cope with the serious challenges driven by digitization, the impact of new media, convergence, market fragmentation, and globalization. SAP for Media combines applications from the SAP® Business Suite family of business applications with functionality that supports enterprise resource planning, supplier relationship management, supply chain management, product life-cycle management, and customer relationship management.

The solution portfolio increases flexibility, drives innovation, and supports business-critical processes, thereby enhancing profitability in this dynamic, competitive environment. SAP for Media is powered by the SAP NetWeaver® platform, the open integration and application platform that provides the best way to integrate all systems running SAP or non-SAP software, thereby protecting technology investment and ensuring flexibility.

Although its full impact will play out over a decade, real-time digital distribution is already transforming the landscape for all sectors in the media industry. The convergence of communications and computer technology has dissolved barriers between traditionally distinct industry segments and created new business models, as well as intense competition between existing and new players. This fundamentally affects the key parameters for profitable media business – the duration of the product life cycle and the size of audiences reached. SAP's mission is twofold:

- Help you adapt your business models to take advantage of new digital distribution channels
- Provide new and innovative methods of cost-effective delivery through traditional channels

SAP has made a long-term commitment to the media industry and supports publishing companies in all markets, of all sizes, with scalable solutions that support multiple languages, currencies, and time zones. In addition, the solutions meet the new legal requirements for corporate governance. Today, SAP has more than 130 premium content publishing customers worldwide with a clear footprint in Europe and a fast-growing presence in North America and Asia.

Stay Current with Trends and Ahead of the Competition

Succeeding in the ever-changing, increasingly competitive publishing industry requires new business models and more efficient processes to achieve growth while maintaining profitability. But obstacles abound. New standards foster increasingly complex rights and license contracts, across multiple departments and subsidiaries, possibly in different countries. New financial regulations require detailed reporting capabilities. Customers, with vacillating interests and loyalties, necessitate breakneck speed to market before demand shifts elsewhere. It's no better within the walls of the publishing house. Increasing globalization, mergers, acquisitions, and divestments present challenges as publishers try to find the best way to leverage new organizational structures and business models.

To meet these challenges head on, publishers need to enable fast innovation, improve productivity and efficiency, and gain keen insight to drive business decisions. The SAP for Media solution portfolio supports core business processes and strategic requirements through integrated enterprise resource planning (ERP), supplier relationship management, supply chain management (SCM), product life-cycle management, and customer relationship management (CRM) functionality. With it, you can respond to your most pressing business challenges. See Figure 1.

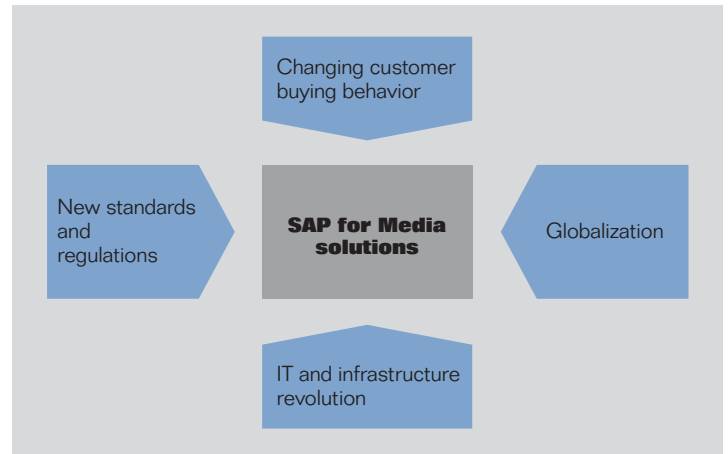


Figure 1: Key Trends and Challenges

Address New Standards and Regulations

Multinational companies must deal with an evolving national and international regulatory environment that drives complexity and costs. For example, with the Sarbanes-Oxley Act regulations, companies must file mandated certifications as exhibits to annual, semiannual, and quarterly reports. In addition, companies must regularly certify internal control over financial reporting. You therefore need a software solution that enables you to execute reliable, accurate, and expedient reporting that captures all costs, contains status management, and facilitates prompt reporting.

Changing industry standards require attention as well. For example, there is increasing demand by retailers to put radio frequency identification tags on books to support global trade item numbers. This demand is driving publishers to seek a software solution that can handle this change so they can continue to exchange data with partners in the future.

Adapt to Changing Customer Buying Behavior

Publishing companies need to attract and retain increasingly smaller, more-targeted, and changeable audiences that have a demand for personalized products. This highly variable demand shortens revenue windows and opens new ones within a short period of time. To seize revenue opportunities, publishers must support faster new product development and accommodate shorter product life cycles.

There is a growing adoption of IT devices as the interaction platform for customers. To retain customer loyalty, your organization needs to change from being an operation that is driven by its editorial supply chain to one that provides customer-focused content services. To do this, gaining comprehensive data about your audiences' interests and buying behaviors is a must so you can adapt your product portfolio accordingly. You can then execute sophisticated marketing strategies to turn customer data into dollars.

Facilitate Globalization

Publishing companies pursue mergers and acquisitions in anticipation of high net synergies. But before these synergies can be realized, a number of organizational changes must be managed. Your organization needs to consolidate the different processes and data in the heterogeneous IT landscape for transparency and standardize, optimize, and in some cases, outsource critical business processes.

Mergers and acquisitions breed other challenges, especially when these initiatives morph a national company into a multinational one overnight. Interaction with multinational customers must remain consistent, requiring you to consolidate various customer databases. Other new technology implications include managing intellectual property (IP) rights and combating piracy and copyright infringements on a much broader scale. Your royalty obligations and the multinational rights you own should be transparent. With the internationalization of operations, these tasks become more complex.

Leverage IT and the Infrastructure Revolution

Publishing companies must enhance profitability in the face of serious margin pressures. Your organization needs the technological agility and flexibility to capitalize on new business opportunities presented by a new generation of software architecture and technology – like mobile devices and Web services. In addition, with the consolidation of many software suppliers, it has become costly and impractical to maintain legacy software solutions. As you transition to new technology, choosing a solution that offers the best long-term investment and lowest total cost of ownership is a must.

Partner with a Proven Global Provider

SAP understands your challenges and has responded with a solution portfolio that addresses the dynamics, strategic issues, and business needs of the publishing industry. When you choose SAP for Media, you are leveraging SAP's established track record in the publishing industry and knowledge of industry best practices. SAP has the resources (financial, R & D, and consulting) to support companies of all sizes and has made a long-term commitment to help companies like yours adapt successfully to a rapidly changing environment.

SAP SOFTWARE AND KEY BENEFITS

SCENARIO GROUPS	SAP SOFTWARE	KEY BENEFITS
Idea to Product	SAP® Product Development for Media package	Bring product to market faster and more strategically
Customer Acquisition and Retention	SAP Marketing for Media package	<ul style="list-style-type: none"> ■ Reduce churn ■ Retain profitable customers
Content Licensing	SAP License Sales for Media package	Maximize the value of the rights you own
Ad Sales	SAP Advertising Sales for Media package	Build new revenue streams from advertising
Supply Chain Management	SAP Supply Chain Management for Media package	<ul style="list-style-type: none"> ■ Drive efficiencies in the supply chain ■ Connect easily with partners' systems
Product and Content Sales	SAP Product Sales and Distribution for Media package	<ul style="list-style-type: none"> ■ Cross-sell ■ Up-sell ■ Sell through different channels
Enterprise Management	SAP NetWeaver® platform	Make transparent decisions across all lines of business
Business Support	SAP ERP application and SAP NetWeaver	<ul style="list-style-type: none"> ■ Close the books faster ■ Comply with all regulations ■ Connect with partners easily

Idea to Product

The challenge for most publishers is twofold: getting products to market faster and making sure they are the right products, ones you know will be successful. Part of the problem is making sure your editorial department collaborates effectively. If you use project management tools that coordinate activities across all departmental boundaries, you can see when the legal department has finished and know that manufacturing can start. When you see that distribution has started to prepare the warehouse, you know that the sales campaign should start up, and so on. Also, let's make sure that the relationship between author and publisher is smooth, that payments go out on time and are accurate, so that profitable authors do not end up with a competitor. The SAP Product Development for Media package has powerful product life-cycle functionality – you can track profitability and forecasts by individual title, acquire licenses, and maintain IP and outgoing royalty settlements.

Title Life Cycle Planning and Accounting

With SAP Product Development for Media, you can precisely calculate the costs and profitability of proposed titles for both first impressions and reprints. You can experiment with a variety of what-if scenarios to find the best possible ROI. Workflows guarantee that the proposal approval process is rapid and reliable, with automatic notification of all key participants. Integration with your corporate financial planning systems guarantees that the economic impact of new projects is based on accurate up-to-the-minute data and that key decision makers are kept fully informed.

For each project, both internal and external, expenses can be precisely identified and allocated. You can track all working hours invested in a project as well as track expenses for materials, production, and third-party services such as graphic design and editing.

SAP Product Development for Media lets you examine the costs, profitability, and overall performance of titles throughout the publication life cycle. Rich functionality lets you analyze not just individual titles but your entire IP across different markets and media. You can compare budgeted and actual costs in development, production, marketing, and distribution. And you can gain true insight into revenue from product sales, royalties, and other sources.

Author Relationship Management

With the SAP Product Development for Media package, you can define advances and minimum royalty guarantees for each author, with amounts due paid automatically. You and your authors will be fully up to date about sales figures and royalty payments, eliminating a major cause of soured relations.

As part of this package, you can supply authors with regular reports on the performance of their titles (for example, detailing royalties). You can also provide access to Web-based self-service functions so the authors can access the information they seek, freeing up your in-house staff. You can also use templates that enable the quick and easy generation of watertight contracts with clearly defined entitlements, commitments, and payments. With extensive search functionality, you can identify specific skills among your authors as well as existing IP rights, so you can make the most of opportunities for new or supplementary sources of revenue.

Editorial Collaboration

A project management cockpit keeps you fully informed at all times regarding the status of tasks, schedules, and resources. You can plan projects with accuracy and monitor progress to prevent slippage. Automatic notifications and alerts ensure you can take action quickly when there is a risk of missing budgets or deadlines. As a result, you enjoy a fully transparent project pipeline that provides a truly reliable basis for financial planning, production scheduling, and marketing.

With SAP Product Development for Media, you can accurately identify, categorize, and evaluate projects across all departments, divisions, and even countries. You gain an unprecedented level of visibility across all your titles regardless of the format – books, loose-leaf products, magazines, or journals. You can view them in terms of production processes, sales, or logistics. And you can consolidate title-related information across all departments, divisions, and even countries to get a complete picture of your IP and current titles.

For efficient collaboration among even large project teams, the package provides effective document management tools behind bulletproof firewalls via easy-to-understand, Web-based user interfaces. SAP Product Development for Media offers document check-in and checkout features, and workflow and online meeting functionality. Additional author collaboration tools help you plan, execute, and document all essential authoring activities, including a central repository to store and share author information and interaction history.

Customer Acquisition and Retention

There are many ways to reduce churn and lower the cost of subscriber acquisition. A fast-start remedy is in the subscription sales management area – having the right business processes in place ensures that the right products are sent to the right customers at the right time, increasing customer satisfaction. Having just enough stock on hand to deliver orders quickly is equally important. The SAP Marketing for Media package lets you execute sophisticated marketing campaigns to your subscriber base to attract and retain customers. With this package, you can design, execute, coordinate, and monitor marketing campaigns to communicate with customers across multiple interaction channels.

Account and Contact Management

Addresses and other contact details are essential to all your activities – particularly, but not exclusively, to your marketing efforts. SAP Marketing for Media provides all data relating to customers, authors, and suppliers, integrated across all divisions and departments.

The package includes a full range of customer relationship management solutions. No matter how your customers contact you – via standard mail, e-mail, your call center, your Web site, or an employee’s mobile device – you always have a full interaction history at your fingertips. And you have access not only to the facts and figures but also to the functions needed to meet your customers’ needs, boosting satisfaction and sales. Moreover, you can employ the Internet to deliver information and services. And you can glean data from all your applications to optimize marketing and target specific customer groups with precisely the right titles.

Marketing and Campaign Management

The SAP Marketing for Media package supports your marketing department in the design and execution of high-impact campaigns and enables your sales staff to offer customers entirely new levels of service. You can plan and budget highly focused marketing activities and, if required, adjust them on the fly. Select target groups by a variety of criteria, such as customers, bookstores, or areas of interest, and then create highly tailored offerings to boost your success rate. You can execute highly personalized campaigns via all channels and perform in-depth analysis of the results to fine-tune your approach in the short and long term. For example, examine actual costs and returns in comparison to your original budget.

Content Licensing

To maximize the value of the rights that you own, you need to drive new revenue through subrights licensing into new markets. You also need to ensure all revenue owed is collected, preferably avoiding contract violations and disputes. The SAP License Sales for Media package provides comprehensive license sales management functionality including rights availability analysis and incoming royalties billing. The package gives you insight into which of your owned rights still remain unexploited and captures all license terms that you negotiated with your partners. Correct license fee settlement then becomes a trivial matter.

Ad Sales

You can build new advertising revenue streams with the SAP Advertising Sales for Media package. The package supports true cross-media sales whether the ad is online or in print, classified or display.

As an ad-management solution, SAP Advertising Sales for Media makes it easier to establish and manage advertising as a revenue stream. The package enables you to process advertising, sales agent and partner contracts, and display ad orders. You can also coordinate ad production, advertising sales order billing, agency settlements, and revenue collection. The package also makes it easier to analyze ad sales orders, monitor and analyze advertising contracts, and monitor sales agent performance.

Supply Chain Management

Effective supply chain management techniques such as inventory and returns handling, just-in-time manufacturing, and supply chain automation, can be successfully applied in the publishing industry to drive efficiency and improve partner ecosystems. The SAP Supply Chain Management for Media package enables demand-driven synchronization of supply to demand. With it, you can create demand plans that include statistical forecasting, promotions, product life cycles, and allocation planning. The package enables finite supply planning following different business rules to optimize the use of capacities and reduce inventory while securing customer service and order promising.

Plant and Manufacturing

SAP Supply Chain Management for Media streamlines the procurement process. With it, you can manage vendor relationships across all divisions to achieve long-term agreements for larger discounts and better terms. You can evaluate the quality, cost-effectiveness, and reliability of your suppliers over time, and make this information available to everyone in your organization.

Thanks to the integrated nature of the SAP Supply Chain Management for Media package, data from your editorial teams and external content providers can flow through unhindered to your production systems or subcontractors. You can enjoy a comprehensive overview of available resources, works in progress, and potential bottlenecks. By integrating your suppliers and contract manufacturers, you can be sure that both internal and external production activities are fully under control.

With this package, you can accurately monitor and plan demand by aggregating the requirements of individual projects and tracking long-term trends. Because SAP software is powered by an open integration and application platform (SAP NetWeaver platform), you can easily integrate your environment with your suppliers for a seamless exchange of data for inquiries, quotes, orders, confirmations, invoices, and payments.

Inventory Control

The SAP Supply Chain Management for Media package includes a complete solution for warehouse management, with full support for all goods receipt, storage, and issue tasks. At all times you know how much inventory is available, both at your own facilities and, through integration with your suppliers, at external sites. You know what is stored where, what has been delivered where, and what is still on the road.

The SAP Demand Planning application can give you greater control over inventory by optimizing demand planning and forecasting. With the software, you can meet customer demand with less stock, improve demand transparency to leverage performance, and improve demand planning by using past sales data. In addition, you can produce forecasts for different types of publications using statistical forecasting methods and continuously access sales and stock data.

Product and Content Sales

With the SAP Product Sales and Distribution for Media package, you can enable new channels to market and cross- or up-sell your asset inventory. The package is a single copy and subscription management suite and includes logistics execution.

One-Time Sales and Subscription Sales

The package lets you replace multiple stand-alone solutions for order management with a single, all-embracing solution for single-copy sales and subscriptions and product bundles. You can deliver the products and services your customers demand – reliably, rapidly, and above all, profitably.

If distribution is a central part of your business, you can use SAP Product Sales and Distribution for Media to plan inventories and goods movements with pinpoint accuracy. You can effectively control picking, packing, and bundling activities for lower costs and achieve higher customer satisfaction. Cost-efficiency also comes in the form of automated delivery of new issues and updates and in the shape of functions for rapidly processing returns.

To facilitate the order-to-cash process, you can use the package to invoice customers for print and online publications with accuracy and speed – via highly automated generation of bills, payment tracking, and dunning. You can also charge by period or delivered quantity.

Enterprise Management

Because the SAP for Media is built on the SAP NetWeaver platform, the solution portfolio provides a highly integrated environment in which data flows freely throughout your enterprise. It gives you the tools for comprehensive enterprise management and transparency across your lines of business to support decision making. The tools include the SAP NetWeaver Master Data Management, SAP NetWeaver Business Intelligence, SAP NetWeaver Exchange Infrastructure, and SAP NetWeaver Portal components.

By unifying master data and creating a 360-degree view of customers and end-to-end processes across the supply chain, SAP NetWeaver helps you achieve greater business insight. You can mine data for greater transparency, control, and profitability. Powerful reporting and analytical functions, including pre-defined, industry-specific reports, enable you to spot slippage, wastage, budget overruns, and bottlenecks. Facts and figures can be gathered and combined from internal and external sources as well as across all processes, whether they are related to editing, production, or marketing and sales. The result is a more complete picture of your business – a picture you can view from many different perspectives to gain new insights and more reliable decision making.

Enterprise Service-Oriented Architecture

As the foundation for enterprise service-oriented architecture (enterprise SOA), SAP NetWeaver helps organizations evolve their current IT landscapes into strategic environments that drive business change. Organizations that adopt an enterprise SOA first define a strategic business and IT plan to help them evolve their existing technology landscape over time to better meet their business needs. Organizations can then implement this plan using the SAP NetWeaver platform.

Because SAP for Media is built on the SAP NetWeaver platform, your organization can develop and deploy enterprise services in a way that best meets your unique needs. You can consolidate and standardize basic processes and leverage existing investments to compose new, distinctive business processes flexibly and at low cost. By supporting a variety of client interfaces such as portals, desktops, interactive forms, and mobile devices, SAP NetWeaver lets end users choose how to access applications and information to improve productivity and insight.

Business Support

SAP for Media combines applications from the SAP Business Suite family of business applications with functionality that supports enterprise resource planning to streamline your organization's core business processes. The SAP ERP application helps enterprises perform financials, human capital management, procurement and logistics, product development and manufacturing, and sales and service, supported by functionality for analytics, corporate services, and end-user service delivery.

For publishers, this functionality is especially important to achieve better financial management and corporate governance. The financial and management accounting functionality combined with business analytics enables your organization to close its books faster while gaining deep visibility into the organization to increase profitability, improve financial control, and manage risk.

SAP ERP fulfills global needs and legal requirements in the areas of financial compliance, international financial reporting standards, languages, payroll, and human capital management. SAP ERP also provides a mechanism for documentation, testing, workflow, and sign-off on the quality of internal process controls for financial reporting.

A HOST OF BENEFITS

The SAP for Media solution portfolio gives you the flexibility you need to respond effectively to the ever-changing demands of your markets and realize the following benefits:

Editorial processes

- Improved project planning and monitoring
- Greater author satisfaction and loyalty
- Increased title success rate
- Reduced slippage through information pushes, system alerts, and automatic notifications
- Accelerated time to market resulting in increased revenues
- Reduced administrative overhead for contract management

Production

- Lower prices due to improved ability to aggregate procurement requirements
- Easier, more accurate scheduling of production
- Improved cooperation with suppliers, which helps to avoid bottlenecks and cut costs of materials and external services

Sales and marketing

- Improved timing and cost-efficiency of campaigns
- Greater customer satisfaction and loyalty
- Higher revenues through more-targeted sales of products
- Improved exploitation of your rights for higher licensing revenue

Finance and control

- Increased cost and time savings through automatic data collection and allocation
- More reliable strategic decision making and improved business performance
- Reduced risk of regulation violations

IT

- Simplified and more reliable solution landscape
- Greater scalability, flexibility, and adaptability
- Better long-term investment with a service-enabled solution from the world leader in enterprise software

LEARN MORE

To learn how customers are successfully using SAP for Media in their business environments, visit www.sap.com/media.

To explore how SAP for Media for premium content publishing can help you optimize performance to increase flexibility, drive innovation, and support business-critical processes, call your SAP representative today or visit www.sap.com/publishing.

www.sap.com/contactsap