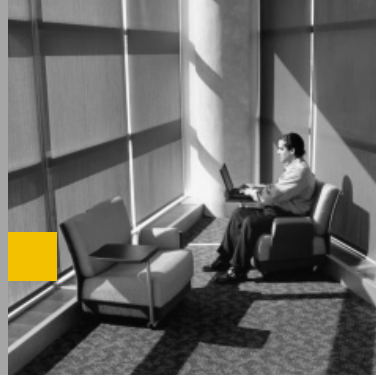


SAP Customer Success Story Public Sector



“Thanks to the purchasing reporting based on SAP software, we now have information about the individual agencies’ purchasing behavior.”

Edwin Schäfer, Project Lead in Purchasing, Bundesagentur für Arbeit

AT A GLANCE

Company

- Name: Bundesagentur für Arbeit
- Location: Nuremberg, Germany
- Industry: Public sector – federal/civilian large independent agencies
- Products and services: Consulting, placement, and training services for the German labor market
- Employees: 90,000
- Web site: www.arbeitsagentur.de (in German)
- Partners: SAP® Consulting, BearingPoint Inc., T-Systems Enterprise Services GmbH

Challenges and Opportunities

- Tight project schedule
- Different reporting interfaces for strategic reports

Objectives

- Make use of master agreements transparent
- Make reporting for centralized purchasing more flexible
- Evaluate cross-system procurement processes
- Enable strategic purchasing and contracts departments to make decisions faster and more efficiently
- Achieve better control throughout purchasing

Solutions and Services

- mySAP™ Supplier Relationship Management (mySAP SRM) application
- SAP NetWeaver® Business Intelligence (SAP NetWeaver BI) component, with functionality for enterprise-wide purchase reporting

Implementation Highlights

- Completed within 3 months – on time and within budget
- User-friendly solution, winning immediate allegiance even from employees with no SAP experience

Why SAP

- Secure investment
- Ease of use and rich functionality of mySAP SRM
- High integration potential of SAP NetWeaver BI with existing SAP and non-SAP software

Benefits

- Harmonized reporting from single platform
- Easier strategic reporting
- View of utilization trends per master agreement
- Decision-making support due to current centrally available information
- Ease of enhancing SAP NetWeaver BI
- Identification of regional differences and possible problems in procurement

Existing Environment

SAP software

Third-Party Integration

- Database: MaxDB
- Hardware: Intel servers, Virtual IBM servers with VMware ESX Server
- Operating system: Linux

BUNDESAGENTUR FÜR ARBEIT

Agency-Wide Purchasing Reporting Reduces Procurement Costs

With 90,000 employees, the Bundesagentur für Arbeit (BA), Germany’s federal employment agency, is the second-largest public sector customer after the German Federal Armed Forces. Headquartered in Nuremberg and responsible for some 200 branch offices, BA has invested close to €500 million in its infrastructure, including office materials and furniture, vehicles, and leased goods such as photocopiers. On top of that, it spends money on labor market services, which encompass training programs.

Restructuring Purchasing Processes

In 2003, BA went through far-reaching organizational changes that included changing its name (from “Bundesanstalt für Arbeit” to “Bundesagentur für Arbeit”) and restructuring its business processes for procurement. Up until that time, BA’s heterogeneous procurement operations were not integrated into standardized controlling and reporting software. They represented a significant investment each year as a result. Some procurement contracts covered all of Germany, and others were restricted to specific regions, while some member agencies handled their own procurements directly. Only a selection of master agreements was available in BA’s intranet. The ordering channels were irregular and ranged from faxes to the Web shops of individual suppliers. Useful controlling information was available in the financial software, but there only the payments made were shown. BA’s expectations for potential savings in its procurements activities were high.

“We need centralized electronic procurement and organization-wide reporting to make the most of master agreements and reduce process costs,” says Edwin Schäfer, project lead in purchasing at BA. “This way, we can make processes transparent, identify potential for bundling individual material groups, and relieve the agencies of procurement tasks. Moreover, we want to use the new reporting options to assess the performance of centralized purchasing and enable the agencies to monitor their costs.”

Integrated Procurement System

Today, the individual member agencies across Germany can access the master agreements electronically. The central purchasing department and seven regional purchasing centers conclude these agreements. The agencies create requirement coverage requests that are then processed according to BA’s rules on placing orders. The existing SAP® software gives BA full support

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for its materials management activities in purchasing. Agencies submit their orders using the functionality provided by the SAP Enterprise Buyer component of the mySAP™ Supplier Relationship Management (mySAP SRM) application. The organization-wide reporting is performed with the support of the SAP NetWeaver® Business Intelligence (SAP NetWeaver BI) component. “We wanted a fully integrated system that maps all procurement processes and can be linked to the catalog system and our existing financial systems,” says Schäfer. “The main attractions of SAP NetWeaver BI as a reporting solution are its user-friendliness and comprehensive functions.”

SAP Consulting – a Creative Partner

In October 2004 the project – supported by SAP partners T-Systems Enterprise Services GmbH and BearingPoint Inc. – began implementing the materials management functionality and mySAP SRM at 14 of the agencies. BA then spent six months familiarizing itself with the software’s functions. At the end of June 2006, it rolled out the new procurement software and the purchasing reporting solution to almost all of the other agencies in Germany. SAP Consulting played a key role in developing the implementation concept. “The consultants at SAP Consulting enabled us to implement the reporting solution in just three months. Moreover, they ensured that the quality of the project was high and contributed many creative ideas,” recalls Schäfer. BA required only a few modifications to the standard purchasing reporting solution.

From the start of the project, all hierarchical levels and departments of BA were involved in the implementation, which was another key factor for its success. The employees of the first 14 agencies to use the software passed on their experiences to the other 2,500 employees in the training courses.

Total Transparency

Deploying an integrated reporting solution has benefited BA in numerous ways. Agency employees can use the Web reports in mySAP SRM to easily check the status of catalog orders, requirement coverage requests, goods receipt, open deliveries, and invoice receipt at any time. A BA-specific authorization concept ensures that each agency sees only its own shopping carts. The agencies can view additional Web reports, thus ensuring cost transparency.

The central purchasing department sets up the master agreements in the materials management software, monitors the contingents, and handles operational reporting that, now integrated with the materials management software, can ensure that all procurement-related transactions are visible. The purchasing department uses the reporting solution to evaluate its strategic direction, which enables it to support BA on its way to becoming a modern service provider.

Powerful Reporting Tool

SAP NetWeaver BI provides BA with a powerful strategic reporting tool. “We can visualize the utilization trends for each master agreement and determine how the individual agencies used them at any particular time,” says Schäfer. “Moreover, the proportions

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of catalog orders and requirement coverage requests are now transparent, enabling us to identify potential for new master agreements.” BA can now measure lead times between the request placed and the invoice received, enabling it to identify regional differences and pinpoint possible problems. “We now have information about the individual agencies’ purchasing behavior. This transparency creates the foundation for continuous improvements,” reports Schäfer.

Another advantage is the software’s user-friendliness. Employees in the regional agencies can easily use the Web page view in mySAP SRM to access reports. In addition, purchasers at head-

quarters can access reports directly from the materials management software with the SAP Business Explorer tool. This means they do not need to log on separately to review reports but can continue working in their familiar environment.

Supplier Evaluation Planned

BA is already planning its next steps. “In the future, we want to procure and evaluate certain services centrally, such as those for maintenance,” says Schäfer. “We’re also planning to enhance purchasing reporting by adding a supplier evaluation. This will ensure we work with the best possible partners.” With SAP Consulting again providing support for the concepts for these projects, Schäfer is convinced they, too, will be concluded successfully.

Powered by SAP NetWeaver

mySAP SRM is powered by the SAP NetWeaver platform. SAP NetWeaver unifies technology components into a single platform, allowing organizations to reduce IT complexity and obtain more business value from their IT investments. It provides the best way to integrate all systems running SAP or non-SAP software.

SAP NetWeaver also helps organizations align IT with their business. With SAP NetWeaver, organizations can compose and enhance business applications rapidly using enterprise services. As the foundation for enterprise service-oriented architecture (enterprise SOA), SAP NetWeaver allows organizations to evolve their current IT landscapes into a strategic environment that drives business change.

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