

GET MORE OUT OF YOUR INVESTMENT IN SAP® SOFTWARE

ENABLING BUSINESS VALUE WITH SAP BUSINESS SUITE APPLICATIONS

The latest releases of SAP® software offer significant new functionality, improvements to core processes like financials and procurement, and trend-setting innovations that deliver business value. These enhancements can be major drivers that justify your investment to upgrade to the latest SAP software.

Extracting Value from Your Investment in SAP® Software

SAP customers have achieved process transformation to support their growth and strategy by leveraging SAP® software. Over the years our customers' own knowledge base has grown significantly, enabling additional value capture from their investment.

SAP R/3® software provided ways to automate core business processes. Subsequent innovations with SAP Business Suite applications, such as SAP ERP, SAP Customer Relationship Management, SAP Supply Chain Management, and SAP Supplier Relationship Management, are enabling companies to achieve even more strategic benefits. These applications support major activities such as mergers and acquisitions, product innovation, and talent development, enabling competitive differentiation as well as optimized day-to-day operations.

Overarching trends and issues in today's business environment, such as liquidity and credit crises, demographic changes, sustainability initiatives, or increasing global risk, represent real challenges. In addition, companies are taking the economic situation as an opportunity to drive mergers and acquisitions and launch business-model innovation. Any of these changes can be addressed by making strategic choices, changing processes, and optimizing investments in SAP solutions.

SAP customers are asking the following questions:

- How do we manage our SAP portfolio to enable strategic initiatives?
- How do we leverage our core competencies in conjunction with SAP?
- How do we get more business value out of our investment in SAP solutions?

Many SAP customers have already innovated and addressed challenges using their SAP solutions as a foundation for achieving operational efficiency and competitive advantage, as shown in the following tables.



Achieving Operational Efficiency with SAP® Software

Finance Improvements	SAP Customer
Working capital required: -90%	Avipam Turismo e Tecnologia Ltda. (Brazil)
Finance department productivity: +80%	Embry Group (China)
Back-office closing time: -30%	Empresas Polar (Venezuela)
Human Capital Management Improvements	
Employee process productivity: +10%	Trinchero Family Estates (United States)
Interview-to-hire cycle time: -80%	Old Dominion Freight Line Inc. (United States)
Operations and Logistics Improvements	
Inventory carrying costs (at store locations): -13%	Coop (Switzerland)
Repair shop productivity: +30%	Empresa Municipal de Transportes de Madrid (Spain)
Annual manufacturing costs: -US\$10 million	Cisco-SA (United States)
Additional revenue via a more fully integrated supply chain: +US\$1 million (more than)	Powell Electronics Inc. (United States)
IT support costs: -50% (more than)	BASF AG (Germany)
Engineer productivity through workflow efficiency: +10% (more than)	Barloworld Handling UK (England)

Achieving Competitive Advantage with SAP® Software

Advantage	SAP Customer
Demographics	Old Dominion Freight Line Inc. (United States) – Gained strategic advantage by reducing the hiring cycle
Mergers and acquisitions; growth	GRUMA (Mexico) – Reduced time to integrate new acquisitions by 50% Under Armour Inc. (United States) – Supported product innovation, growth strategy, and flexibility with improved scalability of applications

With the power of innovation, integration, and a modular release strategy offered by SAP Business Suite, traditional bottom-up methods of value estimation are not sufficient. The bulk of the new value comes from the potential for innovation and business transformation, which results

in substantial revenue and cost impact. New methods for value estimation have to include ways to estimate top-line benefits, such as business growth, customer acquisition, and flexibility to transform business models and adopt service-oriented architecture (SOA).

Value from SAP Business Suite and SAP ERP

Many SAP customers have upgraded to the latest release of the SAP ERP application (including the latest enhancement package) to be on the most recent release and to control their maintenance costs. However, the functional enhancements provided by SAP ERP 6.0 and enhancements to other SAP Business Suite applications can be major drivers to justify the investment to get the latest functionality.

The latest SAP releases offer significant new functionality supporting end-to-end processes that deliver business value to the enterprise. While there are some trend-setting innovations like the new general ledger in the latest release of SAP ERP, there are also considerable improvements that support core processes like financial supply chain management and procurement.

How does all this create additional value for SAP customers? Rather than assessing each piece of new functionality individually, it becomes important to understand how the new functionality ties into company goals and strategies and how it helps overcome challenges. Here are some examples of how new functionality can help overcome these challenges.

Managing Cash and Liquidity Crises
Companies are facing an unprecedented crisis as the global economy transmits local liquidity crises across the world, leaving no enterprise or small business unaffected. Companies that survive this crisis will be the ones with strong and

unique customer value propositions, nimble and efficient business operations, and effective cash management. Not only is visibility into cash positions and collectibles key to risk avoidance; improved financial supply chains, faster financial closings, and analytics and simulation tools can help companies work through these crises. Treasury functionality in SAP software provides transparency and global cash visibility, improves process efficiency, and supports compliance management. Enhancement packages 3 and 4 provide features such as improved bank communications and hedge analysis tools. In addition, improved dispute management, automated bill presentments and payments, and faster financial closes can be achieved with an upgrade to the latest SAP ERP release via enhancement packages.

Managing Business Network Risk
Many enterprises are dealing with increasing network risk due to the distributed nature of their business, such as outsourcing and co-innovation, and rapid structural changes, such as industry consolidation and regulatory and market requirements. Addressing this risk requires changes across many business processes, such as product design, manufacturing, procurement, and finance. Functionality from SAP Business Suite, specifically the latest release of SAP ERP, can enable these changes.

For example, companies that outsource manufacturing can use the latest SAP ERP release and the Collaboration Folders application to collaborate with outsourcing partners. They can use

enterprise services for integrating quality management with SAP ERP. And for visibility into inventory levels and production plans, they can use SAP Business Suite applications.

Managing Talent

Companies are impacted by demographic changes – ageing workforces, increased diversity, and global talent pools. New models for recruiting and developing talent and retaining experienced resources are in vogue. The latest SAP ERP release, including enhancement packages, has substantial new functionality for talent management. For example, companies deploy employee self-services to provide visibility and clear communication to employees while reducing HR costs. Talent management tools facilitate tracking potential candidates through their lifetime. Improved succession management enables career development, which can result in greater retention of experienced talent.

Upgrade Value Assessment Methodology

An SAP survey of 1,500 SAP customers revealed that nearly 50% of customers face difficulty in building the business case for a software upgrade or additional functionality.¹ They want to know how they can get more value out of their investment in SAP software and make IT a “business enabler.”

SAP provides a proven upgrade value assessment methodology to assist you in building a collaborative business case and a road map for execution.

The methodology:

- Offers an approach to bring IT and business closer together to build a business case for the upgrade
- Leverages the end-to-end business-process insights IT has, along with the deep process knowledge and key goals of business rules and processes
- Leads to business ownership and builds strong IT-business collaboration

IT and business users can perform a self-service assessment using content, coaching, and support from SAP. The content and tools include:

- Methodology – Tested approach to collaboratively build an upgrade business case
- Value content – Research, solution information, references, and benchmarking reports
- Tools and accelerators – Online collaborative business-case tool with industry- and process-specific content and key performance indicators

SAP also provides on-site and remote coaching and support to help you successfully complete the assessment. The duration of the assessment depends on the scope and level of detail you require and the availability of your resources to participate in the assessment.

More Information

A single point of access for upgrade-related information is available in the upgrade information center on the SAP Service Marketplace extranet at www.service.sap.com/upgrade. To access information about the upgrade value assessment directly, go to www.service.sap.com/upgradeservices.

1. According to a survey “360-Degree Customer Feedback” conducted by SAP and SAP users groups between November 2007 and September 2008.

Summary

Latest releases of SAP® Business Suite applications offer the power of operational efficiency and competitive advantage. Value comes from the potential for innovation and business transformation, which results in substantial revenue and cost impact. New methods for assessing the value of upgrading SAP software have to include top-line benefits such as business growth, customer acquisition, and flexibility to transform business models and adopt service-oriented architecture (SOA).

Business Challenges

- Manage your SAP portfolio to enable strategic initiatives
- Leverage core competencies to meet current and future crises and increasing global risks
- Get more business value out of what you have already invested in SAP solutions

Key Features

- **Financial management** – Gain greater visibility into cash positions and collectibles with sophisticated analytics and simulation tools
- **Global supply chain management** – Optimize quality processes and comply with industry best practices with real-time insight into external production systems
- **HR management** – Attract and keep valued employees while reducing cost to hire and retrain staff
- **Compliance** – Mitigate business risks with real-time transparency into business processes that can increase security and compliance

Business Benefits

- **Lower total cost of ownership** by building on the SAP solutions and tools you already have in place
- **Gain a rapid return on investment** through a standardized upgrade value-assessment service
- **Improve decision making** by using an upgrade-assessment methodology that simplifies and streamlines the development of an upgrade business case
- **Achieve operational efficiency and competitive advantage** by upgrading to the latest SAP functionality
- **Become more flexible and nimble** through SOA to speed up the integration of IT system landscapes and adapt to new business models

For More Information

To learn more, visit the upgrade information center on the SAP Service Marketplace extranet at www.service.sap.com/upgrade or go to www.service.sap.com/upgradeservices.

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