SAP Thought Leadership
IT Transformation

Create Leaner IT Landscapes

Structural Transformation Strategies for Today and Tomorrow

The Best-Run Businesses Run SAP™

Table of Contents

5 **Keeping Up with Rapid Business Change**

Each Transformation Unique in Its Drivers and Needs

Better Performance, Agility, and Growth

6 **Finding the Right Approach to Structural Transformation**

Choosing an Appropriate Solution

7 **Structural Transformation from SAP Consulting**

A Comprehensive Offering

Business and regulatory changes can quickly make your IT landscape obsolete. By transforming your landscape to meet these challenges, you can make it leaner, more efficient, and more agile and address future requirements as well as those you have today. To make the most of this transformation, you need a carefully planned approach that minimizes the duration, effort, and cost of your project and maximizes its benefits.

Keeping Up with Rapid Business Change

Today's dynamic marketplace is full of mergers, divestitures, and outsourcing initiatives that are rapidly changing the business structures of many companies. At the same time, companies must constantly review and adjust their business processes to adapt to evolving market conditions and new regulations, accounting rules, and best practices.

To keep up with these changes and optimize performance, your business requires an IT landscape that is streamlined, flexible, and robust. This landscape must align closely with your core business strategies and provide a reliable source of data that can enhance decision making, minimize business risk, and reduce the complexity and cost of business processes.

The seamless transformation of their IT landscapes has become a key value driver for many companies and an essential enabler for growth. In addition to facilitating innovation and making your business more agile, a leaner IT landscape can lower total cost of ownership. It can also free up resources to address continuous change in the business landscape.

EACH TRANSFORMATION UNIQUE IN ITS DRIVERS AND NEEDS

The need for a structural landscape transformation can occur for multiple reasons and involve multiple levels of your organization. It may occur from the need to split, merge, or change your data, processes, organization, or systems.

New regulations to enhance competition may require a large utility to **split** into smaller companies, for example. Such a divestiture requires new organizational structures, a reworking of business processes, and the redesign of data elements that underpin those processes. The new organizational structures may need to accommodate outsourcing to cut costs. And the data must be segmented according to each entity's needs.

A different kind of transformation is required for a business that wishes to centralize the purchasing processes of two entities that have recently **merged** to optimize its sourcing strategy. This could be accomplished by creating a unified purchasing platform. The new organization must then integrate overlapping business units and revise its approval procedures and other processes. It must integrate and automate processes from both entities, update master data for vendors, integrate multiple databases, and eliminate duplicate data.

Or, a company may simply need to **change** its processes, master data, and organizational structure due to the addition, say, of a shared services center for human resources. In this case, the company may need to realign its HR organization, replace obsolete processes with standardized best practices, harmonize data across systems, and bring that data into compliance with current standards.

BETTER PERFORMANCE, AGILITY, AND GROWTH

The key benefit of such structural transformations is that IT becomes more responsive to business needs – enhancing performance, agility, and growth. A leaner landscape can improve the productivity of your business while reducing its costs.

By improving the accuracy and consistency of data, a leaner landscape helps top executives make decisions that are better informed. By automating and streamlining purchasing processes, it can maximize purchasing resources, help businesses take advantage of volume discounts, and enforce their sourcing policies. By aligning production processes distributed across multiple facilities, it can improve capacity utilization while reducing lead times and stock levels.

A leaner landscape can also enhance synergies between IT systems while improving visibility and reducing IT operations, administration, and cost.

Finding the Right Approach to Structural Transformation

There is no single way to create a leaner landscape. Smaller companies may be able to tackle a comprehensive overhaul. But larger firms may wish to focus on customer-facing processes before they revamp their back-office processes.

Generally, however, the typical structural transformation has three phases:

1. Analysis – It's important to analyze the current status of your processes, data structures, and systems and then identify and evaluate opportunities for standardization, harmonization, and consolidation.

2. Recommendation – You can next design a blueprint for the optimal IT solution, estimate the resources required, and create an implementation plan.

3. Realization and deployment – You would then execute the implementation plan, ensure appropriate testing, align implementation processes, and convert and migrate your data and systems.

CHOOSING AN APPROPRIATE SOLUTION

All too often, landscape transformation is hindered by a complex and static IT infrastructure created for previous business situations or requirements. To standardize, harmonize, and consolidate your business processes and master data, you need a well-conceived plan for deploying the appropriate tools and services.

In choosing the tools and professional services for your transformation, it helps to determine whether they can reduce project cost, implementation risk, and time to value. You should be able to **remodel** your landscape as well as **simplify** it to enable continuous adaptation to changing business requirements. This requires highly flexible support.

A solution for structural transformation should help you harmonize records (across instances, clients, and company codes) and consistently update all documents. It should also include features for:

- Mapping and visualizing differences across systems
- Translating system differences into rules for converting and migrating data
- Managing conversion and migration across systems
- Monitoring and flagging inconsistencies across systems

Structural Transformation from SAP® Consulting

SAP® Consulting supports structural transformation as part of a larger IT transformation solution designed to streamline the evolution of your SAP software landscape. This holistic solution includes the technology, services, support, best practices, and methodologies you need for a fast and effective transformation.

SAP's structural transformation offering can help you create an optimized IT landscape that you can adapt for future business-driven change. We can help you align business and IT transformation by assessing your business strategies, processes, and current IT architecture and then building a new architecture and system landscape that support your key business requirements.

We can help you streamline complex IT landscapes, increase data visibility, and respond rapidly to new operational needs. In addition, we help you set up the right IT governance processes, quality gates, and decision bodies as well as the appropriate processes and structures for managing your information assets. You get the support you need to:

- Adapt your landscape and business processes for mergers, acquisitions, and other business change
- Consolidate and transform your IT landscape to execute process changes more quickly and effectively
- Harmonize your data and business processes
- Manage enterprise content
- Control the full information lifecycle
- Strengthen IT architecture and governance
- Manage IT compliance and risk
- Address change in your IT organization

A COMPREHENSIVE OFFERING

SAP's structural transformation offering can help drive innovation in your IT organization, IT systems, and data. Our business and IT consultants work closely with you to create and design your transformation strategy. They can oversee your transition to the new landscape, operate the new landscape, and implement additional landscape improvements as they are needed.

We can jointly discover the value of transformation for your organization. We can help you execute profit-center reorganizations and fiscal year consolidations and unify your financial, operational, and human capital management processes on an ongoing basis.

Our offering includes both standard services (such as a chart of accounts conversion) as well as services that are tailored to specific needs (such as the addition of a shared services center).

Analytic functionality helps you determine a suitable transformation scenario for your project and estimate the effort and time it will require. You can create scenarios to:

- Transfer company codes and delete those that are no longer in use
- Establish a groupwide chart of accounts, implement a country-specific chart of accounts, or restructure or merge accounts
- Support a client transfer, with or without an upgrade

There is also support for consolidating your system landscape, analyzing your business processes, and preparing your new system for future business changes.

LEARN MORE

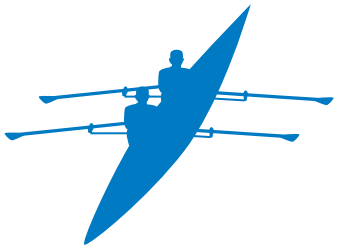
For information on the many ways that SAP® Consulting can drive structural transformation and innovation in your business, please contact your SAP representative or visit us online at www.sap.com/services/portfolio.

Graphical user interfaces make it easier to visualize and analyze information about your software, standardize business processes, identify duplicate processes, harmonize data, and review choices for system consolidation. Analysis tools help you identify conflicts and complexities resulting from changes on the business side. Migration tools help you install your new software and address these issues while retaining historical data.

The offering provides numerous service options to help you meet any special transformation requirements. We take a step-by-step approach that can significantly increase the ROI for your project. Throughout the project, we seek continuity for your business processes with minimal system downtime or business interruption.

By building your transformation capability and preparing for change in a controlled fashion, you can reduce project risk, duration, and cost. Together, we'll design an IT solution that is appropriate for the business requirements you have today as well as those you may have tomorrow.

By partnering with SAP, you can create a leaner landscape that makes IT more responsive to business needs – enhancing performance, agility, and growth. It can improve the productivity of your business while reducing its costs.



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