



This article appeared in the Oct • Nov • Dec 2009 issue of *SAP Insider* and appears here with permission from the publisher, Wellesley Information Services (WIS), www.WISpubs.com.



4 Keys to Aligning Your Business and IT Efforts

Business Transformation Consulting Supports Your Project from Planning Through Execution



Sylvia Price (sylvia.price@sap.com) is the Director of the Business Transformation Consulting group in North America for SAP America, Inc. She has over 20 years of experience in industry and consulting, focused on operations and business process improvement, supply chain management, and new product introduction. Sylvia has an extensive background in the area of value realization, driving measurable business benefits from IT investments.



Gil Gomez (gil.gomez@sap.com) is the Director of Services Solutions at SAP America, Inc. He has over 15 years of experience in finance, business intelligence, information architecture, and IT strategy consulting. In his current role, Gil develops comprehensive SAP Services offerings that encompass all phases of the SAP implementation life cycle from strategy to execution. He holds a degree from the University of Notre Dame.

When embarking on any business effort – an IT project, for example – strategy and planning should go hand in hand. A comprehensive project plan lacks value unless you align it with a solid strategy.

Yet many companies dive in to projects without first establishing a clear vision that maps their IT initiatives to their business goals. They fail to understand the importance of an initial investment in strategy and planning (see sidebar below). With no strategic compass to direct a project, execution becomes a series of tactical challenges (see **Figure 1**). So where can companies turn?

Business Transformation Consulting Leads the Way

The Business Transformation Consulting (BTC) group of SAP Consulting focuses on helping companies get the most out of their SAP investments (see sidebar on the next page). Whether you are a current SAP customer or are considering an SAP implementation, BTC offers a portfolio of services aimed at helping organizations lay a strong foundation and successfully launch – and maintain – an SAP program.

This consulting group assists all levels of the SAP customer base, from C-suite executives to IT owners. Companies are encouraged to view their SAP programs not solely as IT projects, but rather as collaborative efforts between business and IT. Here is where BTC excels: The group bridges the gap between these two organizational units, recognizing that a joint strategy is critical to an SAP program's success.

BTC can give management the tools and advice they need to determine the most effective and efficient ways to get started with SAP solutions, including insight into these four key elements:

- How to create and communicate an overarching **strategic roadmap** that prioritizes business and IT initiatives
- How to build a **business case** that identifies and quantifies the benefits an SAP project can deliver
- How to execute **optimized processes** based on SAP best practices in order to realize maximum value
- How to implement a **training strategy** to maximize user adoption

Strategy and Planning Best Practices

To be successful, companies should make a small investment in the strategy and planning process up front to save substantial time and money later. When formulating your strategy and creating a plan, keep these points in mind:

- Map a course that aligns business objectives with IT and that prioritizes and sequences corresponding activities and events.
- Assess the organization's ability to house and support the necessary roles and responsibilities to execute on the vision.
- Make sure your IT architecture can also support the execution.
- Ensure that the vision and strategy permeates throughout the organization so that people at all levels can see where they are headed.

Create and Track to a Strategic Roadmap

A roadmap is the big-picture umbrella under which individual IT projects fall. With a roadmap, a company can prioritize its goals and take a comprehensive approach to align strategic business objectives with enabling technology by assessing business processes, leading practices, improvement opportunities, IT solutions, and realistic timing. Having a roadmap in place also builds consensus across the organization because people can see how their work fits into the overall business strategy.

Ideally, the business and IT jointly develop the roadmap. The process of creating it can be broken down into three phases.

The first phase focuses on the **creation or validation of business needs**. A decision framework must be developed to assess and prioritize the challenges and opportunities available to the company. The level of change required to address these challenges and opportunities must be well understood across all levels of the organization. Finally, a governance model must be present, effective, and able to transform the way work is performed.

The second phase focuses on the **business process improvements** that a company will need to implement in order to take advantage of growth or cost-saving opportunities. Business process optimization considers functionality within SAP technology, the adoption of best practices, and ultimately, the underlying key performance indicators (KPIs) that will be used to ensure that optimization occurs.

Finally, a **roadmap** addresses the proper sequencing of business processes and technical opportunities. During this third phase, interdependencies between processes and IT are reviewed to ensure that business and IT are aligned – IT should not be doing projects merely for the sake of doing projects.

Where BTC Comes In

Every day, BTC helps SAP customers develop such an end-state vision or strategic roadmap. By identifying business pain points and root causes, and aligning business requirements with SAP solution capabilities, BTC creates a business-driven plan for future initiatives, and a clear path for efficient and effective implementation for business results. All of this is developed by facilitating collaboration between business leaders and IT for a roadmap that truly bridges business and IT strategy.

Build a Business Case

A business case (or benefits case) is a critical document for any SAP initiative within your roadmap. Yet many organizations forge ahead on a project without this plan – and without realizing its importance. This document should outline why the project is needed and describe the overarching strategy that will govern the tactics used to execute the project. For example, say a new CIO comes on board in the middle of a legacy system decommissioning, and she wants to know why the business invested in this project. A business case could show her why and how this project makes sense for the company.

Creating a business case is more than just checking a box and moving on. A solid plan requires thinking

FIGURE 1 ▼ Even with an approved business case, companies face many challenges in achieving the intended value of their investment



BTC: The Bridge Between Business and SAP Technology

The Business Transformation Consulting (BTC) group of SAP Consulting consists of business and technology experts who focus on best practices and SAP technology to offer strategy and planning services. BTC consultants work with companies to understand and prioritize their business and IT needs, overall vision, and organizational goals and objectives. But they don't stop there. Beyond just consulting on strategy, BTC also supports a project, such as an SAP ERP 6.0 upgrade, through execution.

Companies often contact BTC at the outset, before starting an SAP project, in order to plan.* But you can also engage BTC while a project is underway – and even after go-live. Wherever you are in your project cycle, and whether you're new to SAP or upgrading your existing landscape, BTC can provide guidance.

* After consulting BTC, companies are encouraged to establish a project management office (PMO) to further their project. For information on how to set up and benefit from a PMO, see "Identify – and Reach – Your Next Big SAP Project's Goals: Discover How a PMO Can Be Your Project's Guiding Light" by Jim Curry, Jr. and Keith Johnson on page 12 of this October-December 2009 issue of *SAP Insider* (sapinsider.wispubs.com).

through all of the details and variables, such as key business process changes, organizational impacts, and the timing of certain business events, that could impact the business in order to justify a project. It also requires a substantial number of assumptions, such as the availability of knowledgeable resources, market conditions, and the organization's ability to embrace change.

Also understand that while a business case requires buy-in and ownership at the executive level, if it doesn't permeate through the entire organization, it will never be accepted and supported. Therefore, the details behind how the KPIs of a business plan will be achieved must be owned by the troops themselves – the IT, business, and operational people who will make it happen.

Where BTC Comes In

To help a company develop a business case surrounding an SAP project, BTC speaks with various individuals at different levels in the organization to understand, for example, how the company is currently managing its inventory, what the pain points are, and how this process could be run better.

BTC leverages the Value Lifecycle Manager (VLM) tool from SAP to access a library of customer business cases and benchmarks. This information encompasses the experiences of more than 4,000 customer engagements, categorized by process and industry. Through the VLM, a company can compare its performance against a best-run company and assess the cost-saving opportunity that an SAP solution offers, or it can look at a worst-run peer and avoid making similar missteps.

BTC uses the VLM tool to justify a particular recommendation for a company's business plan – such as “implement a certain SAP solution to reduce

your inventory management costs from \$X to \$Y” – by looking at the data from a similar company that has enjoyed similar results with the solution. By seeing how other companies run, a business can model or adapt its business plan based on what has worked for other organizations while also considering its own culture, needs, and appetite for change.

Know the Value of Your Project

We've seen many customers initiate an SAP project without a *value orientation* – an understanding of how the project links to the business case. They may measure a project based on time, budget, and scope, but they ultimately lose sight of why they are doing the project – the overarching business benefits. A particular IT project should be completely aligned with the anticipated benefits and, at times, this can require superior project management skills.

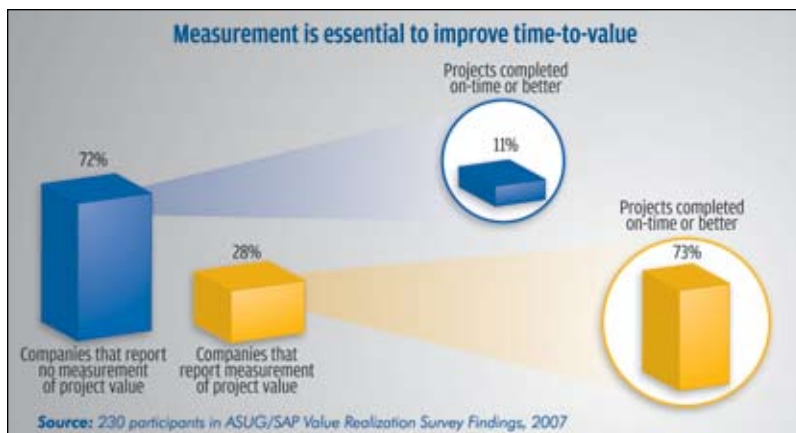
Some companies look at value by determining an internal baseline and seeking to improve it by X%. Others use benchmarking to compare their performance to that of their competitors. But a key point that many overlook is how to ensure they are meeting their goals and that they can tie the project back to the business benefits. What if a company implements a particular application and gets it running, only to learn that the solution isn't doing what the company intended? They may have lost sight of the bigger picture along the way. However, tracking and measuring value from a project's design through go-live and beyond could help you avoid such a situation and drive benefit attainment (see **Figure 2**).

Where BTC Comes In

BTC works with companies to create a collaborative value realization (CVR) plan, a detailed value mapping of a project's underlying value drivers, which helps an organization measure, manage, monitor, and achieve the benefits identified in the business case. The idea is that a company can achieve business value through business process change. Drilling down, each value driver is pulled apart into distinct, measurable business process changes, and opportunity for optimization of best practice adoption is assessed. These business process changes then serve as the guiding input into a value-based blueprint, or solution design. Operational metrics identified to measure process change impact or adoption are the foundation for ongoing value management post-implementation, giving the business the tools and

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FIGURE 2 ▼ Companies that measure project value improve their time-to-value and drive benefit attainment



information to assess the outcome of the project against baseline and target performance data.

A CVR's goals are to align the SAP project with the business case and to ensure that the value can be measured. At any point, an executive should be able to ask, "Are we on value?" By looking at value audit results, the value manager or program manager should be able to provide an answer – ideally that all key process changes have been adequately addressed in the solution design. The CVR sets up a framework whereby value becomes the guiding principle. For example, change requests or software customizations are only relevant if they can be tied directly back to value. Ultimately, the overall strategy is aligned with the areas for greatest improvement and impact to savings.

Develop a Training Plan to Maximize User Adoption

Consider that you have selected your SAP *technology* and you have streamlined your business *processes*. The next – and equally important – piece of the puzzle is the *people* who are going to work with the technology and processes. You need to build a consensus among them so they can understand, buy into, and support the project and its goals, and you need to effectively train them on the software. Creating a training plan at the outset is key.

Where BTC Comes In

BTC's learning performance optimization services provide new and existing SAP customers with comprehensive and effective education strategies (including analysis, needs, design, deployment, support, and adoption) for their SAP projects. For example, a learning and deployment strategy gives senior project executives the knowledge necessary to plan for and deploy effective education solutions. This strategy highlights the most important activities that a project education team must consider to achieve its goals, and it also gives the team an overview of typical training, support options, and effort estimates for implementing each of the proposed options.

BTC can also develop a learning needs analysis that gathers the necessary information to ensure the right users are provided with the right training at the right time. This analysis helps identify potential skill gaps in the organization so they can be addressed *before* IT rolls out an SAP solution, and it guides a company to uncover infrastructure issues that may

disrupt the training and corresponding system roll-outs. The results of this analysis give the training manager the knowledge and insight necessary to provide targeted, timely training and support to the SAP users.¹

A company may also choose to review its education readiness. BTC can determine potential issues with the organization's SAP education strategy and solution before the issues affect the quality of the SAP deployment. Identifying and addressing these issues early reduces the cost of reworking an unsuitable solution and increases user adoption of SAP software.

Conclusion

Managing an IT project is much like steering a ship on the ocean – to know where you're going and how to get there, you need to have a strategy and a plan. Yet throughout your journey, you also need to ensure that your IT initiatives are aligned with the overall business goals that the organization is pursuing.

The BTC group is the bridge between business and IT. Our consultants can help you make sound strategy and business planning a natural part of your IT initiatives. To learn more about the BTC organization and its service offerings, please visit www.sap.com/usa/services/consulting/bts. ■

¹ For details about the learning opportunities offered by SAP Education, see "Thinking of Cutting Your Team's Training Budget? Think Again!" by Ken Schieffer on page 22 of this October-December 2009 issue of *SAP Insider* (sapinsider.wispubs.com).

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Additional Resources...

...from **SAP** Insider 

- + The "Strategies for prioritizing projects, shortening timelines, and optimizing resources" track at the **Managing your SAP Projects 2009** event in Las Vegas, Nevada, October 28-30, 2009 (www.projects2009.com)
- + "An 8-Step Framework to Execute on Your Business Management Strategy" by Joseph Raynus (*SAP NetWeaver Magazine*, Winter 2009, www.NetWeaverMagazine.com)
- + "Writing the 3-Minute Pitch: How to Build an SAP ERP 6.0 Business Case That Any CEO Will Love" by Martin Riedel and Jason Fox (*SAP Insider*, January-March 2008, sapinsider.wispubs.com)