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Writing the 3-Minute Pitch

How to Build an SAP ERP 6.0 Business Case That Any CEO Will Love



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Sometimes it seems as if the time, effort, and resources required to perform a major software upgrade can be child's play compared to getting approval for the upgrade from the executive team. The key to winning support for any upgrade is to prepare the best business case possible. But the business case for an IT director or business lead may not be the same case that will entice C-level executives.

It goes without saying that only you and your team can write the most compelling business case. But you don't have to do it alone. SAP Services has collected several best-practice strategies to guide you through creating your SAP ERP 6.0 upgrade "elevator pitch," and we have many resources available to you to construct the most compelling business case.

The Pillars of a Solid Business Case

At the highest levels of your company, support for any project comes from demonstrating the big three: increased revenue, cost savings, and reduced risk. Fortunately, an SAP ERP 6.0 upgrade can easily demonstrate these results. The key is to match your organization's needs to SAP ERP 6.0's functionality.

Your search for appropriate – and relevant – information should always start with your SAP customer representative. These reps are familiar with your current SAP installation and can quickly be brought up to speed regarding your company's strategy, process, and IT environment, including your customizations and other legacy systems.

SAP also offers a set of tools to quantify upgrade benefits, some aimed at a high-level audience. Chief among them is the Quick Upgrade Analysis (QUA) which SAP recently updated and expanded (see sidebar on page 32). At the end of the QUA process, you will have a report to help you budget your technical upgrade, determine your high-level objectives, and define the corresponding IT benefits of upgrading.

And when it comes to composing a business case for your top executives, it's important to focus on expanding functionality, resolving pain points, and realizing corporate strategy.

Use the Expanded Functionality of SAP ERP 6.0 to Your Advantage

From talking with customers, we've found that the top driver for upgrading is expanded functionality. As you work on your business case, though, be aware that the functionality that appeals to you and your team will not necessarily be the same functionality that a CEO finds attractive. Many a CIO has blown a business case by focusing on the trees and failing to see the forest. Be prepared to discuss the tiny details, but focus on the big picture.

One of the key assets of SAP ERP 6.0 is its ability to utilize enterprise services to fill in the business functionality gaps that existed with previous versions of SAP ERP. The SAP ERP Solution Browser in the SAP Service Marketplace (<http://service.sap.com/upgrade>) provides easy access to detailed information about the new functionality contained in SAP ERP 6.0 compared to previous SAP releases. There are some 300 new features in SAP ERP 6.0 compared with SAP R/3 4.6C.

Focus on Resolving Company Pain Points

Some pain points are almost universal; be sure to address these in your business case. Custom code, for example, is a significant issue for most companies with mature SAP R/3 systems. It increases the effort needed to implement and maintain new functionality, as well as to support users. Implementing service packages or upgrading to a new release can also be more challenging. Accordingly, SAP ERP 6.0 provides a new enhancement framework that allows customers to centralize modifications and potentially

eliminate copied transactions and programs, which are generally the most difficult to upgrade.

Another area vital to include in your business case is the visibility that SAP ERP 6.0 will provide CEOs and CFOs into their business. For example, consider highlighting Duet software, which can send real-time, actionable data from your SAP ERP system to anyone in an organization. Or note that, through the portal and respective analysis tools, a CEO and CFO can utilize the SAP corporate performance management (CPM) suite of products to see the performance of their company with one click of the mouse.

The key is knowing what could be improved in your current environment. Once you have an inventory of your improvement potential, you can turn to SAP to help pinpoint the areas in which SAP ERP 6.0 will generate the expected business value.

To help you in this endeavor, SAP added functionality to the SAP ERP Solution Browser, which enables

you to search by solution area (please see <http://solutionbrowser.erp.sap.fmpmedia.com>).

Address Corporate Strategy

SAP has introduced enhancement packages, which enable organizations to choose new functionality in a very incremental manner. The future lies in an even more incremental and flexible way to support business processes – enterprise services. These reusable “chunks” of technology enable quick implementations aimed at specific business challenges.

Enterprise services have a very direct impact on the CEO. For example, SAP acquired Pilot Software in early 2007. Pilot has a product called Strategy Management that enables the CEO and executive team members to determine their strategy, cascade it, and enable middle managers to write specific objectives and metrics that align with that strategy. Everything rolls up so the executive team can easily measure strategy execution against corporate performance.

SAP ERP 6.0, with its SAP NetWeaver underpinnings, introduced the concept of enhancement packages and currently offers hundreds of enterprise services; the vision is to include thousands. None of these, incidentally, will require changing the core of your SAP ERP 6.0 system.

You should also make an effort to identify your planned upgrade's potential ROI. Once again, you are not alone: Recently SAP's Value Engineering Group released the Value Lifecycle Manager (VLM) to help SAP customers quantify the value of their upgrade. This tool receives data inputs from an SAP business consultant, who will then output the potential value – in real dollars – that a customer can save if they implement certain functionality.

Conclusion

When building an airtight business case for upgrading to SAP ERP 6.0, remember to focus on the big three: increased revenue, cost savings, and reduced risk. By emphasizing those areas in your three-minute pitch, you won't be led astray into a morass of meaningless details. Get a handle on the ROI, and understand the key business challenges and pain points in your own company, and how SAP ERP 6.0 addresses them.

As always, your SAP customer representative is available to help you along the way. For more information, please visit <http://service.sap.com/upgrade>. Also, see the online version of this article at www.SAPinsideronline.com for more resources. ■

QUA Helps Customers Pinpoint Potential Benefits of Upgrading

SAP's Quick Upgrade Analysis (QUA) service employs a three-step process to provide a personalized, high-level analysis of the potential benefits that your company can gain from upgrading to SAP ERP 6.0.

1. Preparation – An SAP representative gives you an overview of the service process and delineates expectations. The representative will also lead you through a questionnaire that helps SAP understand the level of effort needed to perform an upgrade to SAP ERP 6.0. The questionnaire includes questions about your current interfaces, your experience with upgrades, and the complexity of the SAP R/3 or SAP ERP system you currently use.

2. System analysis – SAP conducts an inventory of your existing systems using system-analyzing software, which collects information – the number of modifications, for example – from your current SAP R/3 or SAP ERP system (for release SAP R/3 4.0B and forward).

3. Service report – Information from the system analysis is combined with your questionnaire answers and interpreted by SAP's Value Estimator, which programmatically measures the system complexity, potential IT savings, and project effort required for your SAP ERP 6.0 upgrade. This produces a report containing a high-level overview of results and an upgrade roadmap so that you're ready to build your budget. The service report also contains a system evaluation that looks at the number and complexity of modifications and customer objects in your SAP R/3 system. Plus, the report documents additional SAP ERP 6.0 functionality that may be useful, referring you to the SAP ERP Solution Browser at <http://service.sap.com/upgrade>.

The newest version of the QUA also includes industry solutions analysis, provides extended, granular reporting of customer objects and modifications, and uses optimized estimation rules. Unicode considerations have also been incorporated. Contact your SAP representative for more information.