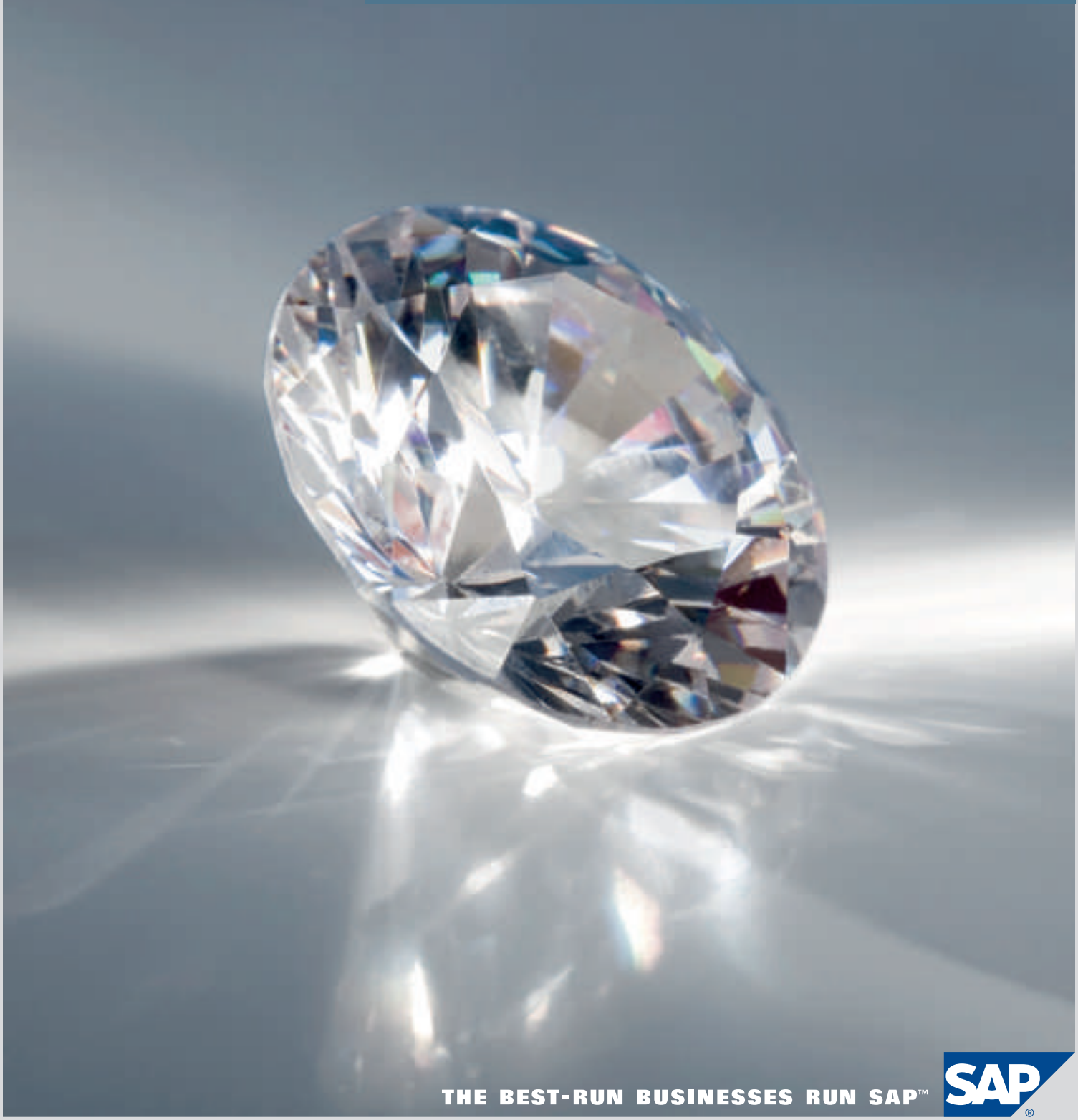
Implementation Best Practices
SAP Quality Program

COLLABORATIVE QUALITY

ENSURING THE SUCCESS OF YOUR SAP® SOFTWARE IMPLEMENTATION



THE BEST-RUN BUSINESSES RUN SAP™

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INTRODUCTION

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As the pressure grows to justify IT expenditure and tightly manage risk in increasingly complex projects, those tasked with implementing sophisticated, integrated software projects often feel exposed and vulnerable. No one wants to put his or her software organization or career at risk over a large-scale technology rollout.

In working with organizations of all sizes, within all industries, and across projects of varying scales, we at SAP have found a common thread for success. In this paper, we aim to share some of the insights SAP has gleaned from thousands of implementations and impart best practices on how to secure a successful implementation. It is essential that readers understand that collaborative quality is not about how an organization works with SAP; in fact, you may choose not to engage with us at this level. Instead, it is about achieving excellence by setting up a framework for engagement in which all critical activities (even those beyond an individual supplier's contractual responsibilities) are managed effectively and remain focused.

At SAP, we feel it is our responsibility to help customers manage the implementation of complex, integrated software solutions. Through this paper, we hope to share some of what we've learned to benefit all our readers and, in doing so, demonstrate our commitment to helping customers realize the value of their investment early on and its full potential.

PUTTING "COLLABORATION" INTO QUALITY

It has generally been agreed that there are two schools of thought concerning quality – that of policing and that of continuous improvement. Policing assumes there is an agreed-on, correct position against which you can measure variance and check for adherence. The other school of thought advances continuous improvement, which is about striving to do things better, to learn from the past, and to involve the right experts to deliver the best possible outcome.

The objective of a policing approach to quality is to ensure that a project is delivered to specification, on budget, and on time. This is often where quality assurance breaks down in software implementations. Typically, each party involved in a large-scale program guarantees the quality assurance of his or her contribution to the project. For the internal program owner, this means making sure suppliers deliver what they agreed to in the contract.[1] This approach often leads to individual suppliers focusing on the results of their own project area, with no regard to their role in delivering quality for the overall program. In effect, they bear no responsibility for ensuring that final delivery of the program successfully fulfills the organization's business objectives.

> An internal owner does not need to be expert in each area of the program.

To exacerbate the situation, the very people charged internally with program delivery are often new to such challenges, have limited time to learn new skills and, as a result, cannot match the years of experience suppliers bring to the table. What is needed is an effective knowledge-sharing forum that will allow the internal program owner to make informed decisions against business requirements. A collaborative quality approach creates an engagement framework within which targets can be set to which all stakeholders can commit. These targets can help stakeholders agree how best to manage all parties involved in an implementation. This also helps both the project team and management to maintain program ownership and control of suppliers and internal parties.

The Experts in Your Business Are You

However close a supplier gets to an organization, he or she can never be as expert in its goals and aspirations as someone on the inside. It follows that the best people to ensure that a program fulfills a business goal, and not simply delivers on technology milestones, are internal and often outside the IT function. This simple point is frequently the linchpin to implementation success.

> The people who can best ensure that a program focuses on the delivery of a business goal, and not simply on technology milestones, are internal.

Organizations often manage implementations in a way that will minimize risk. However, the absence of risk does not ensure excellence. Organizations have been known to go live with a program in a low-risk environment by reducing the scope of the implementation. All suppliers deliver against their individual measures, the internal project owners are happy as timelines and budgets are met, but the program falls far short of the business requirement and, as such, fails to meet its objectives.

An internal owner does not need to be expert in each area of the program; the role is to keep the requirements of the business at the forefront. In order to do this, internal owners must adopt a systematic approach to ensure they have the information they need to make informed decisions.

1. A distinction is made here between "program" and "project," where program indicates the full implementation of business objectives, while project refers to a distinct element of a program. For example, a program objective may be to realize the vision of creating one view of a customer within a business; a project would be the implementation of a customer relationship management solution or an enterprise resource planning solution.

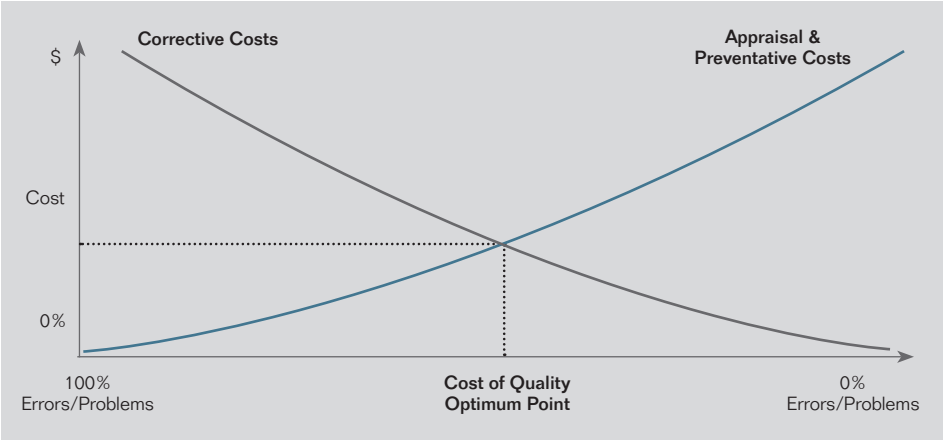

Figure 1: Cost of Quality

There are costs associated both with delivering specific quality activities and with reacting to risk (see Figure 1; note that the gradient of lines shown will be different for each organization). By taking a systematic and collaborative approach to quality, the company can decide how best to balance risk and caution and come up with a strategy for creating quality at an optimized cost.

Creating a collaborative quality plan is a good way to tie suppliers' deliverables to the overall success measures of the program. In doing this, responsibility for spotting possible issues outside a project deliverable is shifted to the suppliers.

The onus is then on the suppliers to set expectations as to what can be delivered and to assist with the management of interdependencies. It is the interdependencies within projects that is often underestimated when managing a complex software program.

Creating the Right Environment

No two implementations are the same, and no single collaborative quality program fits all. However, there are a number of tools and best practices that are commonly used in successful implementations, and which deliver controls for the internal program owner.

A systematic approach to collaborative quality enables the business to make the best decision for its own culture of risk and caution.

Collaborative Quality Plan

As a concise one- to two-page document, a collaborative quality plan charts only the interdependencies within a program, listing clear actions and ownership for all key areas of success (see Figure 2). The document is a work in progress and should be used to keep all parties on track for delivering the overall program objectives. It is one of the tools used to manage the processes laid down in the collaborative quality charter.

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Collaborative Quality Forum

Chaired by the lead sponsor within the business, this is a formal group of all suppliers and internal parties involved in the program. Distinct from a steering committee, the forum members agree on, document, track, deliver, and sign off on the interdependent items of the collaborative quality plan. In many cases, simply setting up this group increases the likelihood of a successful implementation.

Collaborative Quality Charter

This is the first step in a collaborative quality approach. The collaborative quality charter is a tool, aiding the program sponsor in managing the program to fulfill its business goals. In SAP's experience, there are 10 principles of quality, which are fundamental to the success of every implementation.

Technical Success	Transformation Success
Solution feasibility: Are business process objectives being met by the new solution? Are the software delivery schedule and the project plan aligned? **Technical readiness:** Are project milestones feasible and aligned to the cutover plan? Has an operation strategy been worked out for the time period before and after going live? Has the technical integration of core business processes, solution landscape, and critical interfaces been performed? **Operation readiness:** Are backup and recovery strategies finalized? Has the technical robustness of the productive environment been ascertained (optimized performance, availability, and consistency of core business processes)?	**Architecture/IT strategy:** Is the business strategy aligned with the application landscape and system architecture? **Program/project management:** Have the implementation plan, work plan (including data cleansing), resource plan, and budget plan been worked out? **Functional/integration readiness:** Was the functional test successful? Were end-to-end processes and data quality successfully tested? **Organizational change management:** Are key users integrated in the project team? Was the user acceptance test successful? Are the end users well-prepared and ready? Has data quality been validated? **Support readiness:** Is the operation of the solution optimized (costs and quality)? Is the support organization prepared for software changes and upgrades?

Figure 2: Key Areas of Success

PRINCIPLES OF QUALITY

Understand Customers' Business Objectives as Well as Their Technical Requirements

Throughout a project many design implementation decisions will have to be taken. All involved parties must fully understand the business objectives and technical requirements, in order to ensure that the proposed solution meets the customer's business needs.

Agree on What Can Be Delivered in What Time Frame and How to Ensure Timely Delivery

The implications of a proposed solution must be communicated formally in order to guide decisions about the scope of the project and to set a realistic timetable. The timetable must be agreed on and signed off by all parties, together with the deliverables and their respective acceptance criteria. This will ensure that the customer receives a quality implementation.

Work Cooperatively with All Stakeholders to Achieve Customer Objectives

Everyone working on the project must be focused on achieving the customer's objectives and must maintain open and transparent communications when working with subcontractors, business partners, and competitors.

Agree on Project Roles and Responsibilities from the Outset

Roles and responsibilities must be defined in the initial engagement phase to ensure everyone involved in the project clearly understands who is responsible for the various elements of the project. A full governance structure, systems supporting practical processes, and formal reporting mechanisms help to ensure success.

Make the Right People with the Correct Level of Authority, Skills, and Experience Available for the Project

As part of a continuous training and development program, the skills and competencies of the implementation team should be regularly reviewed to ensure they are up to date. If the right resources cannot be made available directly, resource issues should be discussed and addressed through subcontracting or specific training.

Manage All Projects Professionally Using a Formal Methodology

Before implementation begins, the assigned project or program managers must agree on the methodology they will use to guide how they work together. The strategic methodology from SAP (or an equivalent proven methodology), together with tools such as the SAP® Solution Manager application management solution, and backed up by industry-recognized project management training and certification, helps to ensure that an implementation is managed professionally.

Identify and Manage Risks Jointly

The careful identification, analysis, and management of risk is key to the success of all SAP implementations. The process should follow a formal methodology, involve all relevant parties throughout the program life cycle, and be supported by an effective governance policy. All parties must be prepared to acknowledge risk honestly, be committed to recommending pragmatic, rigorous actions to mitigate risk, and be ready to help in implementing those recommendations.

Always Develop and Execute a Quality Plan

Everyone involved must work according to the same quality plan and adopt clear measures that reflect the organization's quality standards, methodology, and industry best practices. A formal quality management system provides a neutral forum for evaluating the solution and deliverables against agreed-on standards.

Ensure That the Project Team Understands Where Standard SAP Functionality and Built-In Best Practices Will Best Suit Their Needs

The flexibility and variety of configuration possibilities SAP software offers enable many seemingly unique business requirements to be satisfied without major modifications. This means that a more sustainable solution can be delivered at lower risk. All parties must be committed to demonstrating the advantages offered by the standard SAP software.

Ensure Staff Are Sufficiently Trained and Help to Manage the Impact of Change

Project team and end-user training are key to a successful implementation. It is up to the stakeholders to discuss and agree on exactly what training is required and when. They must also discuss what impact the change will have on employees, partners, and management systems and offer appropriate help.

The collaborative quality charter is the principal document within the collaborative quality approach and is the key tool for the internal program owner. Although a supplier may help create the charter to ensure all quality criteria are addressed, ownership must rest with the internal program owner. The charter provides concrete information on how to realize quality principles in all focus areas. This information should then be mapped to activities within the program, and to the mechanism used to identify vulnerable areas in the program's delivery plan.

Consequences of Inaction

SAP has identified four common reasons why integrated software implementations fail. For all of these and many other reasons, adopting a collaborative quality approach would reduce the likelihood of the following issues occurring:

- **Poor-quality data cleansing and migration:** Data is not suitably cleansed for the new system; new, sophisticated processes amplify errors in reports and the decisions made based on them. By closely tying the supplier and the business representatives tasked with data cleansing and migration to the overall responsibility of the program, these issues can be anticipated and managed in cooperation with the system supplier.
- **Ill-equipped support organization:** The internal support team lacks resources, is unclear about how to effectively manage issues, or does not have the skills to deal with the requirements placed upon it at go-live. Often only an external consultant can judge the readiness of the support organization and only then with the cooperation of the business. However, recruitment is often done independently of an external consultant and processes are not tested with the business or project team. As a result, the productive solution may become increasingly unstable as issues accumulate over the first weeks after go-live until it becomes unusable.
- **The business does not accept the new software solution:** This situation may result from issues concerning trust or because the old way of working is so entrenched with the workforce. Results may include customer orders that are not processed, deliveries that are not confirmed or invoiced, and stock that is not replenished. By the time the business reacts, significant damage may have occurred. Only close working relationships between the business managers, project team members, change management team, and technical team can ensure everyone understands and adheres to the new processes.
- **The system is slow:** This is often due to overly complicated processes and a needlessly complex configuration. While the project team may have configured what the business asked for, only the technical team can validate the ability of the system to meet performance requirements. Furthermore, new business processes, such as exception message processing, can create a bottleneck. This may not have been anticipated by the business design team, but the change management team could have predicted the issue and put forward a resolution.

In each of these examples, taking the systematic approach delivered through a collaborative quality plan would have highlighted the contribution each party needed to make, in order to meet the expectations of the business and ensure success at go-live.

In Conclusion

Anyone still in doubt about the importance of technology in driving business success and the need for collaboration will be interested in the findings of a recent paper from the Economist Intelligence Unit.[2] It states that the single most important factor driving competitive advantage in the next five years will be technology, which will enable the adaptation of business models. It is this last point that is key and which is integral to the collaborative quality message. Meeting business requirements – the bigger picture when seeking to deliver a successful software implementation – is often the casualty when programs are managed with a "devil is in the detail" approach. Individual elements may be delivered as promised, but gaps and conflicts between them emerge only when they are fitted together at the end of the program.

The consequences of a failed large-scale software implementation are often extremely public and can be as serious as loss of stakeholder value, not to mention unpredicted additional costs. Ultimately, it is the board members who shoulder these responsibilities, and therefore, it is they who most benefit from a collaborative quality approach.

Meeting business requirements – the bigger picture when seeking to deliver a successful software implementation – is often the casualty.

As technology is increasingly seen as an enabler of business agility, it follows that those who decide how an organization will change and adapt should take internal ownership of these programs. Collaborative quality provides them with the way to do this and the confidence to know they have the right information to make informed decisions that will affect the future of their business.

2. "Business 2010: Corporate views of how firms will do business fives years from now." Conducted among 4,000 C-level executives and senior business managers worldwide.

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