

SAP Customer Success Story Higher Education & Research



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Alexander Hammer, Financials and Controlling Manager, University of Vienna

AT A GLANCE

Summary

Austria's 21 universities run planning and budgeting on UNI.VERSE – a platform based on SAP® software – enabling them to operate as autonomous commercial businesses.

Industry

Higher education and research

Web Site

www.uni.verse.at

Project Objectives

- Give universities the internal controls and business tools needed for independent financial management
- Ensure universities have processes in place to make strategic decisions about future development

Key Challenges

- Develop single template that could meet the needs of all 21 universities
- Minimize development costs and keep total cost of ownership low

Why SAP® Software

- Provided best fit, functionality, and value for the money
- Selected as the solution of choice for Austrian government
- Enabled integration of all front- and back-office systems

Implementation Highlights

- Implemented UNI.VERSE at 21 universities in 8 months
- Involved 6,500 users – more than 33% of total staff

Key Benefits

- Transparent financial management
- Integrated planning, budgeting, and forecasting
- Real-time performance figures and accurate reporting
- Business intelligence for fact-based strategy planning
- Streamlined asset management
- Ability to add new functionality as required

Implementation Partner

Siemens Business Services (SBS)

Solution & Services

- SAP R/3®, now available in mySAP™ ERP
- Support by SAP Consulting, part of SAP Customer Services Network

Existing Environment

Legacy systems

Database

Oracle

Hardware

HP

Operating System

HP-UX

UNI.VERSE

SAP® Software Powers Smart Financial Management and Innovative Strategic Planning at Austria's Universities

“SAP technology is underpinning a new era of financial autonomy for Austria's universities that enhances our ability to grow revenue by attracting prestigious research grants and offering leading-edge courses of study,” says Hammer.

In fact, all 21 universities in Austria have migrated to a planning and budgeting solution (called UNI.VERSE) that is based on SAP® R/3® software (functionality that is available today in the mySAP™ ERP solution), enabling them to manage themselves as independent businesses. Each university now has its own general ledger running on a separate client – and an accurate picture of its current financial status. Faculty heads and finance managers have up-to-date information on revenue from all sources and can base strategic planning on real-time data. In addition, the universities can measure performance against plan on an ongoing basis, and quickly and easily generate reports – right at the desktop – as required by the university senate or the Austrian government.

Greater Financial Autonomy

In 2002, the Austrian government passed a new law requiring universities to become self-managing and operate commercial accounting practices. The annual grant given to each university, which had to be spent according to preset criteria, was replaced by three-year grants and more financial freedom to spend money in accordance with each individual institution's strategic plans. Responsibility for submitting annual returns and operating in accordance with statutory legal requirements now fell to the universities. The new arrangements required them to set up internal controls and operate business management procedures for the first time.

Basis for Business Integration

Increased financial autonomy has opened up opportunities for the universities to spend money building new facilities that will attract European Union (EU) and private sector research grants. SAP's integrated architecture gives the universities a scalable, robust platform and a basis for managing all front- and back-office processes. Several universities are already adding to their SAP portfolio by purchasing additional financial management functionality. Nineteen universities have also chosen to streamline human capital management using SAP technology; three went live with mySAP ERP Human Capital Management (mySAP ERP HCM) in January 2004, with the remaining sixteen set to go live in the beginning of 2005.

Best Fit and Value for Money

Austria's federal government had been successfully using SAP software for its nationwide federal accounting processes since 1999, when it decided to replace a 25-year-old mainframe system with the Web-enabled, standards-based solution. Following the evaluation of solutions from several leading vendors, it chose SAP software because it offered the best functionality, fit, and value for the money. SAP partner Siemens Business Services (SBS) implemented the solution in collaboration with SAP Consulting.

Twenty-One Universities in Eight Months

After completion of the UNI.VERSE template solution, five implementation teams worked in parallel during an eight-month period in 2003, which enabled UNI.VERSE to go live with no disruption to the universities' day-to-day operations. SBS came on board once again for the implementation, along with SAP Consulting, which offered expert assistance during the implementation. SAP Consulting is part of SAP Customer Services Network, a single point of access to comprehensive support for SAP solutions that helps customers realize maximum value from their technology investment. UNI.VERSE is hosted and managed at the Austrian government's federal data processing center. Each university has its own separate client, which is accessed via the Internet. Some 6,500 people, more than one-third of the total combined staff of all the universities, already use the solution.

"The successful creation and implementation of UNI.VERSE is due to a powerful combination of SAP technology and the expertise of SBS," says Hammer.

Minimizing Cost per User

SBS worked with the universities to design a template that could accommodate the individual needs and preferences of each, while minimizing development costs and ongoing support and maintenance overheads.

“The flexibility of SAP software and our knowledge of the higher-education sector enabled us to build a single solution for all 21 universities,” says Markus Kaiser, project manager, Siemens Business Services. “We were able to meet each university’s specific requirements, while minimizing customizations to SAP standard applications. As well as generating substantial economies of scale, this will keep maintenance costs low and enable future software upgrades without unnecessary consultancy costs.”

Transparent Accounting

UNI.VERSE provides a single general ledger for each university with subledgers for each cost center. Based on SAP software for financial management and controlling, UNI.VERSE enables faculty heads and professors to track cash flow, allocate outgoing costs correctly, and review up-to-date spend figures. For the first time, monies from research projects are included in the corporate accounts rather than in separate ledgers. Financial managers can therefore plan budgets and forecasts based on detailed knowledge of all monies available to them.

“At the University of Vienna we now have more than 400 corporate cost centers as well as individual cost codes for each of the 600 research projects and 200 investment projects that are currently ongoing,” says Hammer. “The ability to chart our finances in such great detail helps us spot areas where our spend is too high, take prompt corrective action, and ensure tighter financial control in the future.”

Streamlined Asset Management

mySAP ERP asset accounting functionality means the universities now have an accurate record of their buildings, laboratories, equipment, machinery, and vehicles. Automated reminders for maintenance checks ensure that equipment remains in optimum condition. In addition, the SAP asset accounting software automatically tracks annual depreciation of tangible assets and feeds the data through to financial managers.

“Our first opening balance in January 2004 showed that the University of Vienna has some 120,000 assets on its books,” says Hammer. “Proactive management ensures we optimize the value of our assets, either by using them ourselves or for research projects. We can also generate income from assets we are not currently using by leasing them to third parties.”

Consolidated Purchasing

SAP software streamlines logistics management with automated order management – from the generation of purchase orders through to receipt of goods and payment of invoices. Individual schools and faculties still handle their own purchasing, but SAP software will enable them to centralize purchasing and achieve economies of scale by consolidating their spend in the future if they so choose.

“SAP gives us greater insight into our spending habits, which enables us to source for best value suppliers and negotiate the most favorable trading terms,” says Hammer. “It will also allow us to collaborate more closely with suppliers and build stronger relationships with them.”

Real-Time Intelligence for Strategic Planning

Austria's universities use SAP Business Intelligence (SAP BI), a component in the SAP NetWeaver™ platform, to analyze data and develop strategic plans, a process that they used to perform using Excel spreadsheets. Now, information extracted from SAP and legacy applications can be consolidated and analyzed – in real time – quickly and easily, giving decision makers a strong foundation for strategic planning.

“Our new autonomy gives us longer to recoup our investments, which means we can plan on a 6-10 year basis,” says Hammer. “SAP BI provides detailed insight into our current financial situation and the success of previous investments. This allows us to make informed decisions when considering major financial commitments.”

But there's more: the University of Vienna, for example, uses the cash and liquidity planner component of mySAP ERP Financials to improve the management of its €350 million operating budget and optimize cash management.

Aligning Human Capital to Strategy

mySAP ERP Human Capital Management will replace the faculty-based HCM applications at 19 Austrian universities – providing consistent processes and workforce analytics that measure the contribution of each employee to the bottom line. Personnel costs consume a large part of a university's budget. mySAP ERP HCM will help ensure that human capital management is closely aligned to strategy and that each university can make the most of its employees' skill sets.

Solid Foundation for Future Growth

UNI.VERSE enables Austria's universities to respond innovatively to the challenges of the new operating regime and build solid foundations for future growth. Hammer concludes, “SAP empowers us to take maximum advantage of our new autonomy to extend our capabilities in new areas and compete effectively for research funding.”