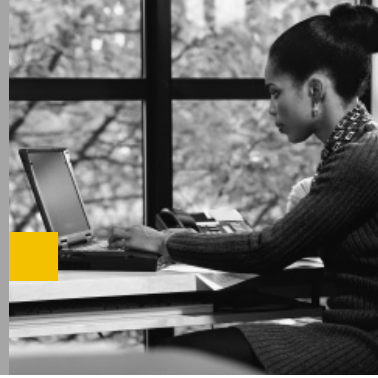


## SAP Customer Success Story Banking – Financial Services



**“Our aim is to have standardized procurement processes, and mySAP SRM has paved the way.”**

Suzette Bergman, Senior Spend Manager, Standard Bank of South Africa Limited

### AT A GLANCE

#### Company

- Name: Standard Bank of South Africa Limited
- Location: Johannesburg, South Africa
- Industry: Banking
- Products and services: Financial services
- Revenue: R21.3 million (US\$2.8 million)
- Employees: 40,000
- Web site: [www.standardbank.co.za](http://www.standardbank.co.za)
- Implementation partner: SAP® Consulting

#### Challenges and Opportunities

- Bank needed greater control over procurement process to control costs.
- Legacy procurement system did not allow integration of procurement data with the bank's other management systems.
- Lack of local support increased total cost of ownership for the existing systems.

#### Objectives

- Improve integration between the bank's procurement system, other management systems, and financial control systems
- Standardize all business processes on an SAP software platform

#### Solution and Services

mySAP™ Supplier Relationship Management application

#### Implementation Highlights

- Full implementation took 9 months.
- Project involved 1 site, 1,200 users, and 1,800 suppliers.
- SAP Consulting helped develop the prototype and pilot – as well as a knowledge center.

#### Why SAP

- Easy integration with existing SAP solutions
- Leverage of support from local SAP experts
- Leverage of internal skills in using SAP software from the knowledge center
- Lower cost of ownership

#### Benefits

- In the first 18 months after the implementation, the system was used to order and pay for R2 billion (US\$262 million) worth of items.
- A centralized system with standard rules aligns every employee with the bank's procurement policies and procedures.
- Buyers can use the system to benefit from bulk procurement strategies.
- Freed from administrative tasks, the procurement staff has more time to focus on strategies.
- Single vendor numbers have streamlined the vendor payment process.

#### Existing Environment

- mySAP™ ERP Financials solution
- mySAP ERP Human Capital Management solution
- Multiple legacy systems for procurement

#### Third-Party Integration

- Database: Oracle
- Hardware: Sun
- Operating system: Sun Solaris

## STANDARD BANK

### mySAP™ SRM Helps Global South African Banking Group Automate and Centralize Purchasing

Faced with multiple legacy IT systems that made it difficult to integrate procurement processes and control costs, the Standard Bank of South Africa Limited enhanced its existing SAP® software implementations – the mySAP™ ERP Financials and mySAP ERP Human Capital Management solutions – by adding procurement functionality from the mySAP Supplier Relationship Management (mySAP SRM) application. The new software will automate all of the bank's purchasing processes, which involve billions of rand annually, within a single, role-based approval system.

Incorporated 143 years ago, Standard Bank is now one of South Africa's big four full-service banks and the nation's largest banking group ranked by assets and earnings. The bank had total assets of over R931 billion (approximately US\$126 billion) as of June 2006 and employs more than 40,000 people worldwide. With headquarters in Johannesburg, the bank has a global presence, operating in 17 African countries as well as 21 countries on other continents. With procurement accounting for 65% of operating costs, the bank's ability to adequately control its procurement processes is critical to the bottom line.

Like many companies in South Africa, the bank – as part of its risk management strategy – also seeks a high level of transparency and accountability in its procurement processes. Strong control of procurement processes is also important for preferential initiatives that support economic advancement for the country’s black population.

Standard Bank’s spend-management team is responsible for all the procurement systems that handle everything from purchase orders, accounts receivable, and inventory and asset management to invoice payment. The bank’s legacy procurement system could not integrate data with the organization’s other management systems, thereby limiting transparency and accountability. In addition, there was no local support for the system. These factors increased total cost of ownership and decreased the ability to adjust the system as the bank’s market strategies changed. Standard Bank hoped to resolve these issues by improving system integration and managing the procurement approval process more effectively.

### **Enhanced Visibility**

Once Standard Bank executives defined the procure-to-pay processes they preferred, the spend-management team built a pilot for the mySAP SRM application. Included were self-service functions through which users can request items either within or outside of a procurement catalog. Using workflow, the requests can then be routed through a procurement approval process and integrated into the bank’s existing procurement process.

The implementation went live in November 2004 with 10% of the intended user population. The remaining 1,000 users went live in January 2005. The full implementation, in which SAP Consulting served as the implementation partner, took nine months. The project included training users, upgrading the back end of the SAP software, and familiarizing employees with a more inclusive, all-embracing form of procurement.

“mySAP SRM escalates queries and issues backwards to the original requesters rather than upwards to more senior employees,” says Suzette Bergman, senior spend manager for Standard Bank. The new system piggybacks mySAP SRM onto new self-service functionality for employees and managers, Bergman notes, thereby involving most employees in procurement decisions at the level of, say, buying their own stationery.

“Every employee is automatically aligned with the organization’s procurement policies and procedures,” Bergman adds. “Our aim is to have standardized procurement processes, and mySAP SRM has paved the way.”

To ensure a seamless exchange of data between existing SAP software and the new software, it was necessary to modify the asset-creation process in the software's shopping cart function. The SAP Services organization helped with this modification. As a result, between January 2005 and June 2006, the new mySAP SRM implementation was used to order and pay for R2 billion worth of items (US\$262 million).

"We wanted the asset controller to create single assets quickly, automatically add the related serial numbers via the goods-received process, and automatically use that information in the asset register," Bergman says. "We also wanted the shopping cart to delete an asset automatically. The workflow component has been completely customized to enforce current controls."

#### **New Attention to Strategic Procurement Policies**

Being able to push the administration of hundreds of thousands of relatively small items back to the original requesters frees the bank's core procurement staff to focus on enhancing procurement strategies and policies.

"We have the integration capability we need and can leverage our existing support from SAP as well as our internal skills in SAP software," Bergman adds. "By linking mySAP SRM to mySAP ERP Human Capital Management, we can allocate approval procedures to certain types of positions rather than to particular people. So there are no delays in purchases or payments if someone leaves the company or is away for some reason. We can achieve efficiencies that were not previously possible."

#### **Future Plans to Drive Additional Value**

In addition to providing easy integration with other SAP software, mySAP SRM is helping Standard Bank to leverage not only internal SAP software-related skills already developed in its knowledge center, but also support from local SAP experts. These factors have lowered total cost of ownership of the bank's SAP solutions.

**"Every employee is automatically aligned with the organization's procurement policies and procedures."**

*Suzette Bergman, Senior Spend Manager,  
Standard Bank of South Africa Limited*

Bergman says that her team will be looking to drive additional value from mySAP SRM by extending the application into areas such as supplier portals and contract management. The bank will also investigate the benefits of enabling procurement approvals from PDAs and moving sundry invoice activities to purchase order invoices.

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