

CUSTOMER NEEDS AND STRATEGIES

Deutsche Telekom Taps SAP Learning Solution to Drive Efficiencies Across the Enterprise [Status end of 2003]

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IDC SUMMARY

Deutsche Telekom, a global telecommunications provider with approximately 250,000 employees, selected SAP Learning Solution as an enterprisewide learning management system (LMS) to manage the company's large training investments. Deutsche Telekom will gradually migrate four major business units to the new system.

Business objectives of the investment in SAP Learning Solution included:

- Reduce training costs by consolidating 12 disparate systems into one
- Reduce training costs by providing a standard platform for self-directed elearning, thereby reducing the volume of classroom instruction
- Increase training process efficiency by standardizing workflows and reducing paperwork across the four divisions

The company created an overall budget estimate for the entire project based upon an enterprisewide business case. It assigned each business unit a portion of the overall cost based on the number of employees that would use the system. Deutsche Telekom expects the project to break even after 2.5 years. However, it projects that enabling systemwide usage for all 250,000 employees will take 4.5 years.

To select a product that incorporated the needs of the four divisions, Deutsche Telekom's head of corporate learning assembled an advisory group of 40 colleagues that directed a vision and requirements specification for the project. After a thorough review of a number of systems, the group chose SAP Learning Solution. Deutsche Telekom is a current customer of SAP's Finance and Human Capital Management systems. Therefore, by choosing SAP, the company can leverage its current implementation expertise and also reduce the number of custom integrations required to support its existing infrastructure.

As of June 2004, the system has been launched to 2,000 users in the T-Mobile business unit. The T-Com business unit will begin piloting the system later in 2004. The system is expected to support 165,000 employees by 2006 and all 250,000 by 2007. Deutsche Telekom is also exploring using SAP Learning Solution for customer training.

IN THIS STUDY

This study reviews Deutsche Telekom's adoption of SAP Learning Solution. It discusses the reasons for product adoption, the decision makers' vendor evaluation process, implementation, costs, usage, satisfaction, and future plans for the system. Deutsche Telekom will use SAP Learning Solution on an enterprisewide level to train approximately 250,000 employees.

SITUATION OVERVIEW

About the Organization

Deutsche Telekom is one of the four largest telecommunications companies in the world with more than 100 million consumer and business customers in 65 countries around the globe. The company has four major business units:

- ☒ **T-Com:** Provider of landline telecommunications services to 40 million customers in Europe
 - ☒ **T-Mobile:** Mobile communications provider to various markets in the United States and Europe
 - ☒ **T-Online:** One of the largest Internet service providers in Europe
 - ☒ **T-Systems:** One of the largest IT systems providers in Europe
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Business Case

In 2001, the company established the strategic goals of improving and enhancing the application of self-directed, media-supported learning. Education and professional development at Deutsche Telekom is managed primarily by Telekom Training (TT), which resides in the company's corporate offices and is a resource shared by all four major business units. TT trains more than 130,000 employees annually on a variety of technical and business skills. However, the company did not have an enterprisewide system or process for making the general move to elearning or encouraging employees to be responsible for their own training and development. Each business unit had multiple training systems (a total of 12 across all divisions), which resulted in "islands of information" that prohibited an enterprisewide view of all training programs and progress.

The head of corporate learning was chartered with finding a single enterprisewide learning management system (LMS) that would enable the company to improve employee performance and reduce the overall expenditures for training.

The ROI model included the following sources of cost savings:

- ☒ A reduction in the cost of maintaining the 12 existing training systems in various business units
- ☒ Delivery of 15% of all learning content in an online, asynchronous format, although all learning delivery modes are to be supported by the system
- ☒ Potential savings in travel costs because employees did not need to travel to obtain training

Deutsche Telekom had no standard processes for training and development and believed that costs could be reduced in this area. Savings would come from reducing the interfaces and paperwork required between departments.

The company estimated the targeted ROI according to a business case over the entire implementation throughout the four divisions. It assigned each business unit a portion of the overall cost based on the number of employees that would use the system. Deutsche Telekom expects the project to break even after 2.5 years. However, it projects that enabling systemwide usage for all 250,000 employees will take 4.5 years.

Evaluation Process

Deutsche Telekom began the process of mapping out a new strategy by forming a steering committee to drive requirements. The group, called Braintrust Elearning, consisted of 40 stakeholders across the company. The charter was to create a functional model for a new system and formulate all requirements. Once the requirements were established, seven products were identified that could possibly meet the requirements of the project. Two of them were internally developed systems, one was a product offered only in the German market, and the rest were commercially available products including those from Docent (now SumTotal Systems), Saba, and SAP. The steering committee chose SAP for the following reasons:

- Deutsche Telekom was already familiar with the SAP product suite and tool set because the company has been using SAP modules to enable processes in Finance and Human Resources.
- SAP also offered a geographic advantage as other providers did not have satisfactory resources at Deutsche Telekom's various locations in Germany.
- The Deutsche Telekom IT organization indicated that using SAP would require less custom development to interface to other existing business applications, including its Human Capital Management system and enterprise portal. The LMS will be tightly interfaced with other SAP modules that are already in place in order, for example, to manage the procurement of training across the divisions.
- SAP Learning Solution can be used to individually access both formal and informal learning content.
- SAP also provided extensive customization capabilities that could accommodate various workflow scenarios for different business units.

Implementation and Operations

The complexity of replacing 12 systems and the accompanying change management dictated a gradual approach to implementation. The head of corporate learning indicated that the entire implementation will take 4.5 years. T-Mobile, the mobile communications division, is the first business unit to use the system. Each division will have its own domain that allows configuration and modification of the system for its own business needs. While the T-Mobile rollout is expected to be completed in the

first quarter of 2005, the pilot for the T-Com division will begin in the second half of 2004. The system is expected to support 165,000 employees by 2006 and all 250,000 employees by 2007.

The implementation team currently consists of seven developers and program managers for the T-Mobile portion of the project. The system is hosted externally by the T-Systems business unit of Deutsche Telekom. The company estimates that hardware and software will make up approximately 15% of implementation costs with the remaining 85% associated with personnel and services.

Like other telecommunications companies, Deutsche Telekom has used electronic training in one form or another for more than 20 years. The company has a centralized elearning group of 30 staff members, of which 15 build custom courseware. The group maintains a library of more than 700 custom-built courses using a variety of authoring tools including Java, Flash, and Dreamweaver. The company also uses off-the-shelf libraries from NETg and Harvard Business School. All of these courseware libraries will be integrated into SAP Learning Solution. Table 1 summarizes how the LMS will be used over the next couple of years.

TABLE 1

Primary Functionality Being Used	
Resource management	Yes
eCommerce	No
Competency management	Yes (with some restrictions)*
Web-based training	Yes
Third-party content	NETg, Harvard Business School
Virtual classroom integration	Centra One (planned)
Content creation tools	Java, Flash, Dreamweaver, SAP Learning Authoring Environment
Analytics	No (planned)
Assessment	No*
Security domains	Yes
Multilanguage	Yes

Note: *Union restrictions currently prohibit the use of testing and tracking of employees by skill.

Source: IDC, 2004

Next Steps

Deutsche Telekom plans to add new users to the system through 2007. The company is investigating using the system for customer training and also plans to use it as a "corporate learning marketplace" that enables exchange of learning content through business units.

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