

## SAP Customer Success Story High Tech



**“Together with Business Consulting, we have devised a sound basis for the decision to upgrade, and achieved transparency for total cost of ownership throughout the group.”**

Dirk Schulmeister, Corporate Information Office, Siemens AG

### AT A GLANCE

#### Summary

Siemens AG of Germany is one of the world's leading companies in electronics. With 2004 sales of €75.2 billion and 434,000 employees, it supports customers in 190 countries. Working with the Business Consulting group of SAP® Consulting, Siemens devised a strategy for upgrading to the mySAP™ ERP solution and identified potential for cutting costs.

#### Web Site

[www.siemens.com](http://www.siemens.com)

#### Key Challenge

Developing and identifying an efficient and cost-effective strategy for upgrading approximately 200 SAP R/3® installations in 36 countries to mySAP ERP

#### Project Objectives

- Develop a binding, groupwide upgrade strategy with a uniform migration path
- Determine cost-cutting potential based on a standardized, coordinated upgrade strategy
- Optimize costs for upgrading to mySAP ERP
- Migrate to mySAP ERP between 2005 and 2009

#### Solution and Services

- mySAP ERP
- Business Consulting group of SAP Consulting

#### Why SAP Solution and Services

- Strategic partnership with SAP
- Expertise of SAP consultants

#### Implementation Highlights

- Short project duration despite decentralized, highly complex IT structures
- Binding basis for the upgrade decision
- Transparent identification of potential to avoid costs for each alternative strategy
- In-depth assessment of impacts of upgrade on integration with other SAP solutions
- Project deliverables used as input for drawing up an upgrade business case

#### Key Benefits

- Provided support for putting tailored business processes into practice
- Increased productivity, flexibility, and efficiency in business processes
- Reduced cost of ownership of IT
- Accelerated return on investment in SAP software

#### Implementation Partner

Business Consulting group from SAP Consulting

#### Existing Environment

Different releases of SAP R/3 software (functionality now found in mySAP ERP) implemented in 36 countries

#### Database

Oracle

#### Hardware

Fujitsu Siemens, HP, and Compaq

#### Operating System

DNT, AIX, Solaris, Reliant, Linux, and HP-UX

## SIEMENS AG

### Developing and Identifying a Groupwide, Cost-Effective Upgrade Strategy Together with the Business Consulting Group of SAP® Consulting

Between 2005 and 2009, Siemens AG will upgrade its IT system landscape to the mySAP™ ERP solution throughout the entire group. At the same time, it will reduce the number of releases implemented. Working with the Business Consulting group of SAP® Consulting, Siemens developed an efficient and cost-effective upgrade strategy, which means that it will be possible to reduce the number of releases and templates by a third.

### Tradition and Innovation Worldwide

Siemens AG, headquartered in Munich, Germany, is one of the world's leading companies specializing in electronics and electronic engineering. With a workforce of 434,000 employees, it designs and manufactures products, plans and develops systems and equipment, and provides tailored services. Founded more than 150 years ago, the company currently supports customers in over 190 countries by providing innovative technologies and comprehensive expertise for business and technical tasks. In fiscal 2004, Siemens generated sales of €75.2 billion.

### Groupwide Migration to mySAP ERP

“The IT landscape at Siemens comprises about 200 SAP R/3® installations with six different releases. Standardizing upgrade paths and strategies will open up immense cost-cutting potential,” explains Dirk Schulmeister, of the Siemens corporate information office. On this basis, Siemens AG embarked on an evaluation project together with the Business Consulting group.

The goal of the project was to develop a groupwide upgrade strategy that used the most cost-effective upgrade paths. The project kicked off in July 2004 and came to a successful close in November 2004. Schulmeister and his colleague Thomas Klos used this time to identify specific optimization potential for migrating to mySAP ERP and to finalize an upgrade scenario from which Siemens could gain maximum benefit in the future.

**“The skills and competence of SAP consultants played a key role in the success of the project. Thanks to the efficiency of the entire team, we completed the project on schedule and within budget.”**

Thomas Klos, Corporate Information Office, Siemens AG

In close collaboration with the Business Consulting group, two Siemens departments – the corporate information office and business services – identified the following key tasks:

- Defining a standardized migration path
- Developing a group strategy for optimizing the cost of upgrading to mySAP ERP
- Identifying the most cost-effective upgrade path (with existing system scope and no functional enhancements)
- Calculating cost-cutting potential by using a standardized and coordinated upgrade strategy
- Determining a binding, groupwide upgrade strategy

This approach added value by clearly identifying the system status and available options, by providing quantitative decision-making criteria for developing an optimal upgrade strategy, and by ensuring that all relevant parameters were included in the decision process.

### **Results-Oriented Approach**

The project team started by grouping current releases, defining relevant upgrade paths for each group, and determining the most cost-effective option in each case. At the same time, each system installation was assigned to a cluster, based on its complexity. The Business Consulting group identified a benchmark for the upgrade costs of each cluster. It assessed the extent to which the timing of the upgrade impacted on total cost of ownership, due to different maintenance costs for old and new releases, for example. During this process, the optimal path and an upgrade time frame for each system cluster was identified, taking all costs into account, and a cost comparison of the different options was developed. “The skills and competence of SAP consultants played a key role in the success of the project. Thanks to the efficiency of the entire team, we completed the project on schedule and within budget,” says Klos.

The planned upgrade will ensure a bright IT future for Siemens AG. Implementing mySAP ERP on the open SAP NetWeaver® platform will enable tailored business processes to be put into practice, thereby helping to increase productivity, flexibility, and efficiency.