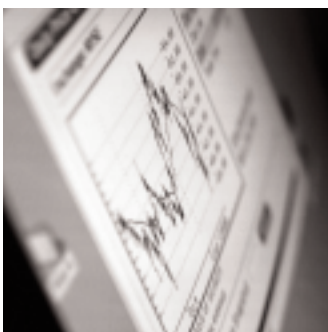


SAP
Customer Success Story



Global economic and political uncertainty, volatile financial markets, a changing regulatory environment – just some of the challenges facing Barclays as it pursues its goal of becoming one of the world's most admired financial services groups. Find out how SAP is helping Barclays to succeed in today's tough business climate.

Barclays



BARCLAYS' **SUCCESS STORY**

WHY SAP IS PROVING TO BE A SOUND INVESTMENT FOR BARCLAYS.

Barclays origins can be traced back to a modest banking business founded more than 300 years ago in Lombard Street in the heart of the London's financial district. Today, it is one of the world's largest financial services groups with operations in over 60 countries, nearly 75,000 employees and annual revenues in excess of £11 billion. Throughout its long and illustrious history the company's growth has been fuelled by innovative thinking, and in particular the intelligent adoption of technology. In 1959 Barclays was the first UK bank to order a computer, and a decade later unveiled the world's first ATM. In the mid-1990s it was the first bank to set up a Web site, in 1998 it introduced the first 'drive thru' cash machine and today Barclays is one of the biggest on-line banks with some four million registered Internet customers.

Barclays has undergone a major transformation in recent years, and its mission is to be one of the world's most admired financial services organisations – recognised as an innovative, customer-focused company that delivers superb products and services and ensures excellent careers for its employees. And technology – with the help of SAP – will continue to play a vital strategic role in this success.

FROM FINANCIAL TO ERP PLATFORM

Barclays has been an SAP customer since 1998. “We selected SAP primarily to replace the financial systems,” says Sultan Mahmood, Group Application Services Director, Barclays. “I think we had around thirteen different general ledgers operating in the various business units at the time, so we built a pilot and targeted four businesses – Barclaycard, Consumer Lending, Barclays Life and Barclays Insurance Services – to be the first to go live with SAP.” But as the roll-out continued, the strategy changed. “We liked SAP’s capability to integrate the rest of the business together, and we started moving towards it becoming the ERP platform for the group. We began looking at other areas like HR, Purchasing, Business Intelligence and so on, and reviewing how we managed a group consolidation.” The initial SAP project team had just a handful of members; five years on there are over 150 SAP specialists servicing Barclays operational and project needs.

CREATING ECONOMIC VALUE

Global political and economic uncertainty, volatile financial markets and a changing regulatory environment have combined to create increasingly tough and competitive business conditions for all financial organisations. Basel II will change the capital requirements of European banks and the Sarbanes-Oxley Act in the US demands more stringent corporate governance; there is an apparently endless stream of new accounting rules in the UK and plenty more regulations on their way from Brussels. To meet its business objectives, and in particular the key financial goal of achieving top quartile return on equity to shareholders, Barclays has adopted a Value-Based Management (VBM) strategy which shapes the way the company is organised and how decisions are made. “Everything we do must create economic value, and the performance of each Strategic Business Unit is measured against VBM principles,” says Sultan Mahmood. “Now we have a single SAP system providing a consistent platform across all our businesses, we can quickly look at information by business unit – up-to-date, real-time information that’s moving us towards our goal of a single version of the truth.” The sentiment is echoed by

David Weymouth, Chief Information Officer, Barclays: “Over the last few months it has been vital that we were able to reliably and quickly respond to the detailed financial reporting demands placed upon us by both the markets and legislators, including the Sarbanes-Oxley Act as we are also a US-registered organisation. The SAP system has been the means to do this and in particular its integrity has been a critical factor in our ability to comply.”

MEETING COMPLEX REPORTING NEEDS

Barclays initially implemented SAP R/3 Version 3.1H with SAP Financials, CO, Materials Management and PS. Within a year they had upgraded to Version 4.6B, and are now considering a further upgrade to SAP Enterprise within the next 12-18 months. “We don’t have too many performance issues as it’s got a quite robust infrastructure behind it – there are over three thousand people that I’d classify as professional users so the system gets a good testing!” says Sultan. “But although SAP R/3 is great as an operational system we found getting information out of it quite difficult. As we achieved critical mass on the roll-out we decided we needed a solution to unlock the value we’d put in – and we chose SAP Business Intelligence.”

“The reporting needs of a bank are quite complex and we’ve got around 700 financial reporting users which makes it one of the largest and most complex BW sites in the UK. We’ve had to build a lot of reports in SAP BI and one of the add-ons we’ve implemented is ‘Autogen’ which allows us to generate the 600 or so reports we need automatically.” SAP BI is currently utilised in Finance, HR and Purchasing, and according to Sultan, “user acceptance has been excellent, and we’re now looking to extend it and make it a general reporting tool for all our business management.”

BECOMING THE EMPLOYER OF CHOICE

Barclays HR department has become a major SAP user and has implemented a number of SAP HR modules. “HR was already more centralised and we only needed to replace a few central systems,” says Sultan Mahmood. “Their business drivers were

different, as they wanted better management information, consistency of information and to empower the employee. We've implemented most of the HR modules – including payroll, ESS and PA – and the feedback has been very positive. The HR shared services directory is delivering some really powerful management information and for the first time they can analyse things like absences from sickness across the group and any patterns that emerge.”

One of Barclays stated goals is to become ‘the employer of choice’ and according to Sultan, SAP HR is a key factor in achieving this. “With Employee Self Service our people can already look up their payslip information and personal details,” he says. “We’re now looking to extend it to other areas such as absences, e-learning and recruitment. We’re currently working on a solution which will allow people to apply for jobs from the external Web site straight into the Barclays recruitment system, which should save us quite a lot of money.”

ACHIEVING CONSOLIDATED GLOBAL REPORTING

As a major global organisation, consolidated reporting across the entire Barclays group presented a particular challenge to Sultan and his team. “There are literally hundreds of companies in the Barclays group across the world, and we needed a replacement for our previous bespoke Group Financial Reporting Systems,” he says. “Instead of individuals submitting information manually to the centre for correlation, we want to ensure that the operational information already on SAP R/3 feeds into our consolidation system and gives us consolidated results – so we selected SAP SEM-BCS to do that.”

The implementation took around nine months and a significant obstacle was finding the right skills: “A bank’s consolidation is quite different to those found in other industry sectors, but things have got a lot smoother now – it’s just a question of bedding it down. All Barclays Group companies now feed into the SEM-BCS consolidation system, and after some initial resistance the feedback is getting better and better and the system is now delivering group information quickly.”

To add even more sophisticated business management capabilities, Barclays has successfully piloted SAP Business Planning and Simulation in its IT and Operations business. The solution has been rolled out to over 300 users and Sultan is hopeful it will be extended across the group. “The feedback from users is that they really like it,” he says. “It’s allowed the business to move away from lots of little systems and lots of little spreadsheets to one consistent budgeting, planning and forecasting process. It turns SAP from something you have to do into a really useful business management tool.”

CREATING PORTALS TO LEARNING

Portals is another SAP solution currently being piloted among a small number of users. “It starts bringing everything together on the desktop, which is really useful to us,” says Sultan, “and in any case, we’ll need portals to access SAP functionality in the future when we upgrade to Enterprise.” As well as improving day-to-day employee productivity, one of the major uses for portals will be in conjunction with the roll-out of e-learning based on the SAP Learning Management System HR solution. “We chose an SAP solution because of its good integration with the other SAP HR modules we’ve got. For example, we’d like learning to be tied into recruitment, so you know that when you’ve done a particular training course you can apply for a certain job.” Sultan was also pleased with the joint development activity proposed by SAP: “We knew it was an early solution that SAP were developing, and liked the look of it. We also liked the way that SAP approached us to suggest that the two organisations took this forward jointly.”

There will eventually be around 30,000 SAP LMS users, and Sultan envisages a number of benefits: “Our capabilities as an organisation will improve as we can train more people, and we will also be able to manage our training better – which all helps towards us becoming the employer of choice.”



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DEVELOPING IN-HOUSE CAPABILITIES

As well as being a reference customer for a number of years, Barclays was one of the first SAP customers in the world to gain Customer Competence Centre (CCC) accreditation, and this is regarded by Sultan Mahmood as an important achievement: “We took the decision early on to build our own capability and to set up the SAP Competence Centre, and it helps give us the recognition that we are delivering something to high standards. The Centre is designed to be multi-functional and get more out of our SAP investment – clearly with something as large as what we’ve got in Barclays with so much functionality and so much coverage, we need to be continually making sure that the business is using it in the right way, we’re taking advantage of new functionality, and so on. That’s a whole process in itself, and with 150 staff we are able to do most things in-house. We will only use implementation partners where we think they can add some specific expertise that we don’t have available, but we’re increasingly moving towards partnering with SAP themselves.”

WORKING IN PARTNERSHIP

As the two organisations work increasingly in partnership, the relationship between SAP and Barclays goes from strength to strength. Technology continues to have a significant impact on the banking sector, and Barclays has deliberately adopted a strategy of e-enabling their existing systems to facilitate growth and cut costs. Among their future SAP plans are the continuing roll-out of e-learning and e-recruitment, upgrades of R/3 and BW, and assessing a solution to support international accounting standards. “I would recommend SAP to other financial organisations for the same reasons that we chose it – very good functionality, an integrated platform and a world leader in the ERP sector,” says Sultan Mahmood. “SAP themselves have changed to become much more of an active partner in making your solutions a success, and I can’t see any other solution that would compete with this.”