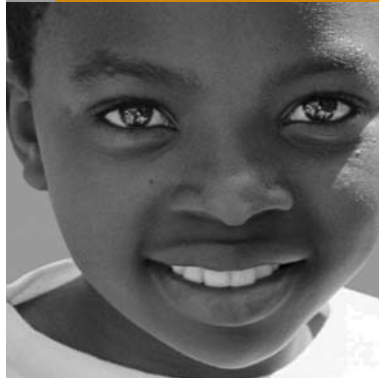


**SAP Customer Success Story  
Public Sector**



**UNICEF's mission is to ensure the rights and well-being of children throughout the world. As part of an initiative to improve its operational efficiency, the organization is using SAP solutions to streamline core processes in finance and logistics.**



## **UNICEF**

### **WORKING ON A GLOBAL SCALE TO HELP CHILDREN**

UNICEF – the United Nations Children’s Fund – has a unique mandate: to make the world fit for children. Funded primarily by voluntary contributions, UNICEF manages programs in 245 field locations spread over 158 countries. The goal of these initiatives is to improve children’s health, nutrition, education, and safety while providing protection for children who are at risk from harm, abuse, and violence, including war and conflict.

A task this big requires not only substantial funding, but also a high degree of operational efficiency. UNICEF’s Information Technology Division, led by CIO Andre Spatz, is committed to helping the organization realize its full potential. “Our goal is to do the best possible job at improving the lives of children,” says Spatz. “That’s why we have positioned IT as an enabler in terms of operational excellence, of efficiency and effectiveness; and from that perspective, IT has become mission critical.”

Responsible to its donors and sponsors, UNICEF produces a steady stream of progress reports. “Yes, we’re an organization entirely funded by voluntary contributions, and we also generate a lot of revenue from our greeting card sales,” says Spatz.

Of the organization’s 7,000 employees, approximately 84% work in field locations, and communication between the field and headquarters – whether at the transactional, informational, or strategic level – is critically important. “We have to create and maintain a world-class information network,” says Spatz, “a nexus that handles programs, budgets, supply information, and human resource data quickly and efficiently. In many ways, children’s lives and welfare depend on how well we do this.”

## GLOBAL CHALLENGES

In the mid 1990s, UNICEF's senior leadership launched a drive to enhance and streamline the agency. For the IT division, this meant finding ways to integrate and empower far-flung field offices – a task that seemed particularly daunting at the time. Spatz puts it this way: “We had about 158 countries, which – through no fault of their own – acted like 158 separate organizations. Each had a stand-alone legacy system; there was no com-

**“You don’t build a relationship on a quarter-by-quarter basis. SAP has really learned to listen to the CIOs, to try to find out what the issues are and to change things accordingly.”**

Andre Spatz, CIO - Information Technology Division, UNICEF

mon desktop environment; and long-distance costs were so high that most offices could only afford to dial in to headquarters once a week.” The connectivity problem was so severe that vital data had to be printed out or saved to a diskette, then shipped via diplomatic pouch to New York for entry into the central systems.

The situation at UNICEF's headquarters facilities (New York, Geneva, and Copenhagen) wasn't much better. There were more than 100 legacy systems handling processes like logistics, financials, and human resources. Because it was so difficult to share data, senior management had a hard time gaining an accurate picture of the organization's fiscal status and staffing levels. Reports, when finally compiled, tended to be many months out of date, while the information they contained was often inaccurate.

## BUILDING AN IT BACKBONE

Fixing these problems meant moving ahead on many fronts. Over time, UNICEF's IT group migrated to an Internet- and intranet-based network, worked with telecom providers to enhance the communications structure, developed a standardized desktop environment for field offices, and in 1997, selected the SAP® R/3® solution to handle logistics and financials for headquarters facilities. UNICEF looked closely at all major ERP providers before making a decision, but ultimately gave SAP the nod after subjecting the SAP R/3 solution to a thorough cost/benefit analysis. UNICEF's decision makers also looked favorably on SAP's multicurrency, multicultural capabilities as well as the company's long-term strength and technology leadership.

Equally important, Spatz and his team liked the way that SAP R/3 could be adapted to the needs of both private and public sector enterprises. “We concluded that SAP R/3 would be a very good fit for UNICEF,” says Spatz. “SAP's ability to help us manage procurement, product sales, marketing, and distribution in these areas was really a decisive factor.”

The implementation team dealt with a number of challenges, not least of which was intense scrutiny by the UN itself. Since the SAP R/3 solution represented the first nonproprietary enterprise system used within the UN family, UNICEF's team worked in something of a fishbowl atmosphere. Despite this pressure, UNICEF forged ahead, eventually replacing 110 legacy systems in the headquarters facilities alone. “Implementation was done on time and on budget in 24 months,” says Spatz. “That was quite an achievement – particularly because we had to continue doing our current jobs at the same time.”

## **STREAMLINED PROCESSES**

Since going live in mid-1999, well before the Y2K deadline, UNICEF has realized a number of important benefits from the logistic and financial modules of SAP R/3. One area that has seen major streamlining is the preparation of financial data. Today the time needed to generate financial statements has been reduced by more than 50%; however, Spatz notes that "Time is not the only issue; the quality of the data is vastly improved as well. Everybody in UNICEF now has an accurate view of our financial status, and we can do much more with our internal resources."

Another example of process improvement is found in the area of logistics. Prior to implementing SAP R/3, it was difficult to ensure the timely delivery of supplies and equipment for program implementation and office use. Obtaining anything, from vehi-

**"Every dollar we spend on IT is a dollar that might have been allocated to one of our programs. So we have to be very sure that any investment in our systems will ultimately make the world a better place for children."**

*Andre Spatz, CIO – Information Technology Division, UNICEF*

cles to vaccines to paperclips, required entering data in multiple legacy applications. "Today that cycle time is measured not in weeks and months, but in days and hours," reports Spatz. "The catalogues are on line, requests can be made via the system, and all the component processes are amalgamated."

UNICEF also uses logistic solutions from SAP to manage the design, production, and distribution of its greeting card business. Functions such as card sales, marketing, warehousing, and fulfillment are more tightly integrated and automated, resulting in better margins for the business unit responsible for card development and sales. One example of a new-found efficiency is the integration into SAP of the card artwork review; product managers and salespeople can now make decisions based on images that are displayed within the context of information about availability of components and product cost estimates.

The net result of these and other process improvements has been the rationalization of human resources towards cost efficiency. Liberated from doing repetitive administrative tasks, many staff members have been shifted to areas that support field projects more directly. CIO Spatz is justifiably proud of the improvements. "Today our field offices are all part of a single global family," he says. "It's much easier to share information on what works, what doesn't work; how to do things, how to train people. Everybody in the organization is aware of UNICEF's strategic approach and identity. It's a big cultural shift."

## **LOOKING DOWN THE ROAD**

UNICEF is currently working on a number of enhancements to its existing SAP system; it recently went live with a migration to the newly released SAP R/3 Enterprise solution. Spatz and his team moved ahead with this upgrade for several reasons; not only will SAP R/3 Enterprise make it easier to add new functionality, it also positions UNICEF for a future move toward a Web-based, e-business environment. "SAP R/3 Enterprise allows us to move forward on our own timetable," says Spatz. "We can add value in incremental chunks without changing the entire system each time. This has been a major issue for us."

UNICEF is also exploring ways to improve the process of tracking and managing grants – a key component of the agency’s funding. In addition to general financial support, sponsors often earmark additional contributions for specific health, education, or relief projects. UNICEF has found that keeping abreast of these grants is similar to managing sales – with end-to-end processes, including contract management, order status, progress reports, and even lead tracking. “Today these tasks are done manually with legacy systems,” says Spatz, “but we want to integrate everything into our core system.” At present, UNICEF – along with a handful of other SAP customers – is participating in a pilot program for SAP’s new Grants Management-Grantee module, sharing ideas on functionality and business requirements with SAP developers and product managers. “It’s a two-way street,” says Spatz, “We gain the ability to influence the development of the grants management software, while SAP gains insight into how to make this solution work for public sector clients.”

HR is another area in which SAP is working with UNICEF to help the agency streamline processes and enhance operating efficiency. UNICEF and SAP finalized an agreement to bring HR under the SAP R/3 umbrella, adding new functionality in terms of career development, compensation review, hiring practices, and other processes, which will be tightly integrated with other areas such as financials, controlling, and funds management.

### **PARTNERS FOR TODAY AND TOMORROW**

UNICEF has made noteworthy progress toward the goal of achieving operational excellence. Today, roughly 93% of all funding goes directly to country programs, with only 7% allocated to management and administration. CIO Spatz is quick to point out that his IT group has relied on many partners to help make this great leap forward, but that SAP solutions have played a key role. “The partnership between SAP and UNICEF begins with technology, training, and support, but it ultimately depends on mutual understanding and communication,” he says. “Because we rely on SAP to help manage our core systems, it’s very important that we understand where they’re heading, what the roadblocks are, what our role is, and where SAP can put its functionality to work for us. Right now, we’re finding a lot of areas where SAP can add value to what UNICEF does.”