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SAP from the *Customer Point of View*

Creating a Center of Excellence

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asuG Real Experience.
Real Advantage.

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Why a Center of Excellence?

What is Business All About?

Business management's primary responsibility is to **reduce cost**, **grow revenue**, and **improve margins**.

This is done by focusing on:

Three key business value proposition areas of **operations**, **innovation**, and **customer focus**

This is where the **Center of Excellence** fits into the picture!

Why a Center of Excellence?

- *SAP and IT organizations typically think in terms of solving a process problem or department request (production support or enhancement). They are rarely encouraged to think in terms of solving a* ***product****, or* ***service****, or* ***customer problem*** *to make their business better.*

- The **Competency Center** or **Center of Expertise** focuses on business processes and application stability – creating IT as a Service. This is the first "stepping stone" to a **Center of Excellence,** but too many companies stop here when they really need to become IT as part of the Business.

- The **Center of Excellence** goes far beyond stabilizing IT systems or IT support paradigms and instead focuses on leveraging technology for revenue generation, margin improvement, and supporting business innovation.
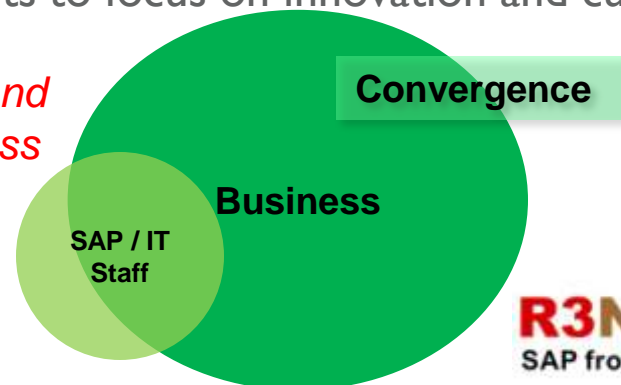
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What is a Center of Excellence?

- What a Center of Excellence is NOT…
  - A Center of **Excellence** is NOT another name for a Center of Expertise or a Competency Center. The primary focus is not on IT or production SAP support.

SAP / IT Staff

Business

Alignment
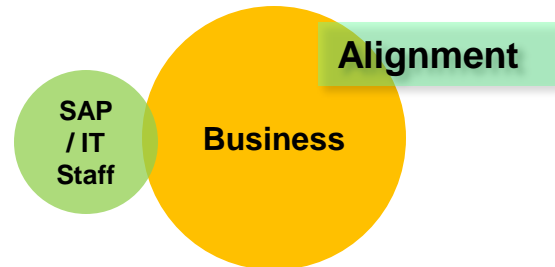
- What a Center of Excellence IS…
  - A converged SAP organization using technology as a change lever for business competitive advantage. The primary focus IS on leveraging SAP, IT support staff, and other technology investments to focus on innovation and customers.

Where convergence occurs business and technology grow together while business opportunities expand
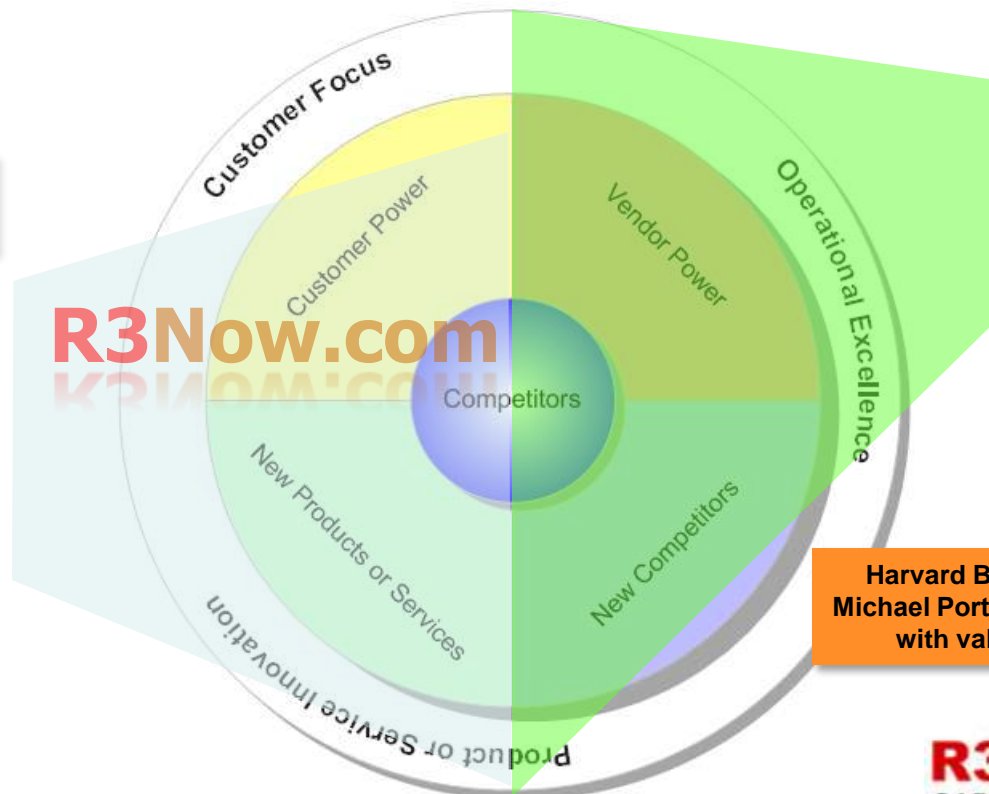
SAP / IT Staff

Business

Convergence

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What is a Center of Excellence?

- R3Now.com business model for a **Center of Excellence**
  - Convergence occurs when IT is part of the business and not just SAP or IT support.
  - However, SAP or IT support through a Center of Expertise or Competency Center forms the critical foundation for a Center of Excellence.

Alignment
Center of Expertise

Inventory, forecasting, supply chain, and other processing areas of the business cover the "Operational Excellence" value proposition. These areas deal with vendor power and competitors.

Convergence
Center of Excellence

Customer focused and product or service innovating solutions address the other value and competitive areas of the business. To meet strategic business requirements a solution can be oriented to open up new market channels, leverage key demographic and socio-economic data, or offer new or different merchandise or services.

R3Now.com

Customer Focus

Customer Power

Vendor Power

Operational Excellence

Competitors

New Products or Services

New Competitors

Product or Service Innovation

Harvard Business Professor Michael Porter's 5 forces overlaid with value propositions

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Characteristics of a Center of Excellence?

- SAP and IT staff communications, internally and externally, are more in business language rather than technology.

- Proactively seeks out new business opportunities.

- Able to interpret (and then implement) business marketplace requirements by turning them into technology solutions.

- Adapts and changes to BUSINESS market conditions.

- Not worried about the latest "techie buzz" like social media (Twitter, Facebook), cloud, etc. unless there is a direct business marketplace connection.

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Characteristics of a Center of Excellence?

Expertise · Excellence

IT Strategic Mapping and Transition for Supply, Finance, Sales, and Marketing

Sustaining	Emerging	Tactical	Strategic
Basic Operational Competence	Upcoming Operational & Competitive Advantage	Existing Operational & Competitive Advantage	Sustained Operational & Competitive Advantage
Consistent with marketplace, no differentiator	*Planned methods to address competitive pressures, upcoming meaningful differentiation*	*Implemented methods to address competitive pressures, differentiation realized*	*Barriers to imitating competitive solutions, difficult to reproduce differentiation*

Adapted and modified from Ragowsky A., Gefen D. (2008), "What makes the competitive contribution of ERP strategic" ACM SIGMIS Database, 39(2): 34-49. Which in turn was based on a model called "The Strategic Grid" by McFarlan, F. and McKenney, J. (1983), "Corporate Information Systems Management: The Issues Facing Senior Executives" Homewood, IL, IRWIN.

Strategic Convergence

Original Strategic Alignment Model
© 2008 by Bill Wood of R3Now Consulting

The reasons a Center of Expertise or Competency Center can not be aligned to the strategic centers of the business is they are focused on IT and not business --, they focus on:

- help desks,
- support tickets,
- enhancements,
- bug fixes,
- functional improvements.

Once the system is stabilized the system support is little more than a high priced cost center ripe for cost cutting and outsourcing.
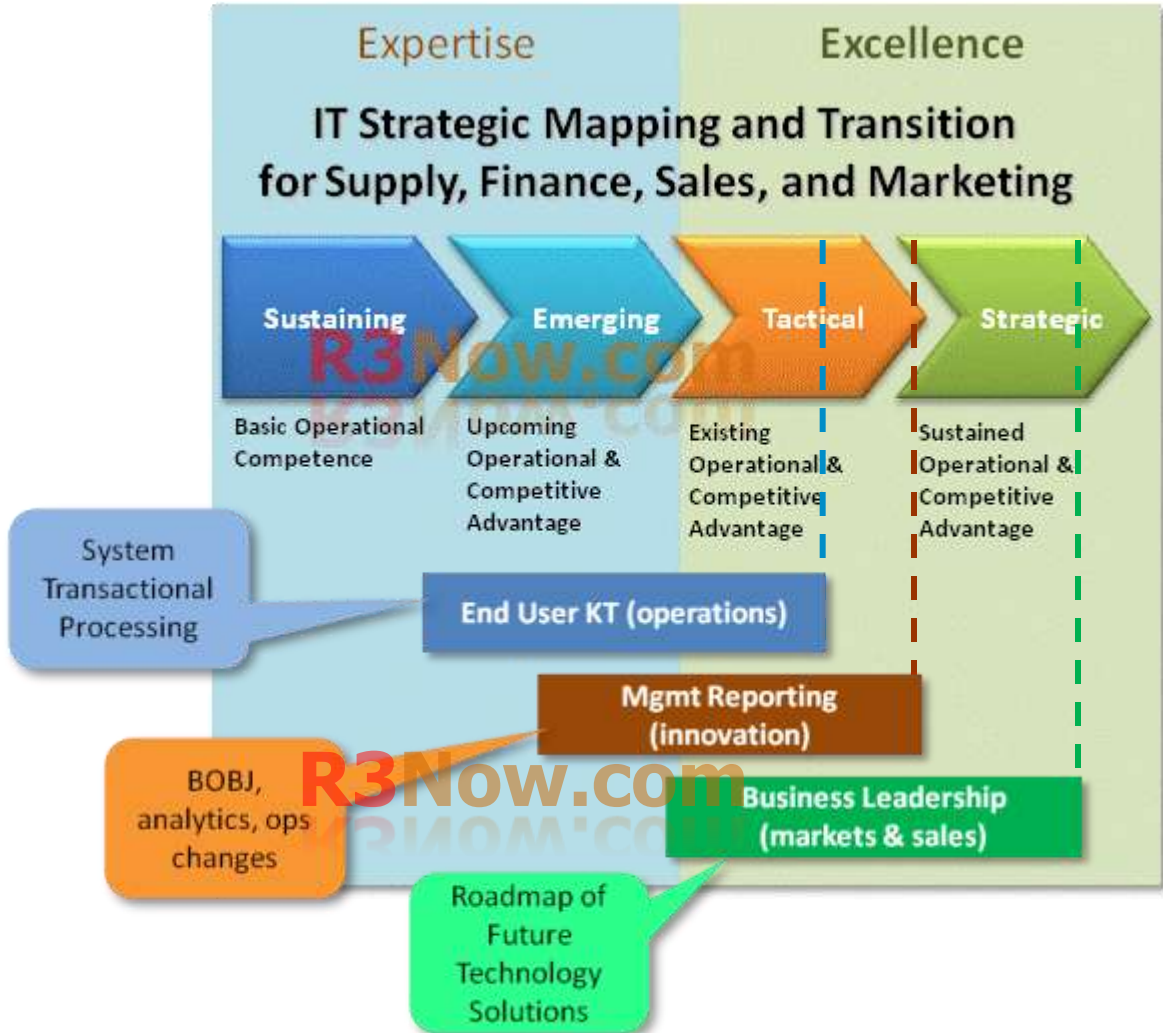
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Characteristics of a Center of Excellence?

- *Three key business stakeholder groups form a Center of Excellence*
  - *End user – Knowledge Transfer – Ongoing education*
  - *Middle management – Tactical to Strategic – Reporting BOBJ*
  - *Steering committee – Business Technology Convergence – Future-Tech Roadmap*

  And the fourth key stakeholder is the SAP or IT staff.
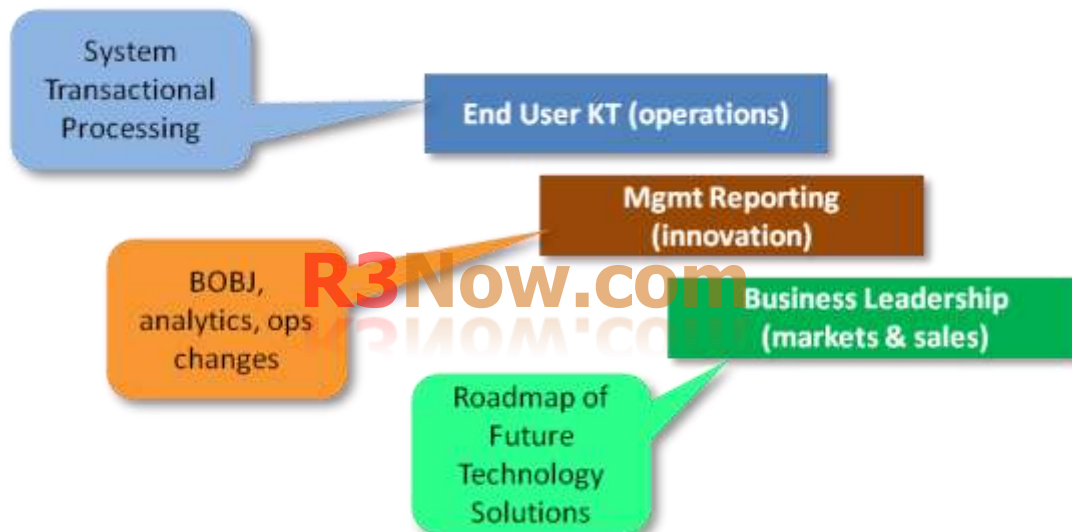
# ERP / SAP / IT Strategic Contribution

Original Technology Strategic Alignment Model © 2008 by Bill Wood of R3Now Consulting.

End User Knowledge Transfer

- Knowledge Transfer Methods – Path to an *SAP Learning Organization*
  - Beyond transactional processing.
    - Business process understanding.
    - Master data dependencies.
    - Operational processing.
    - Ongoing knowledge transfer activities such as *ad hoc* troubleshooting meetings with all affected users.
    - Continuing communication about tips and tricks after the system is live.
  - In a few words, **develop capabilities with ongoing knowledge transfer!**
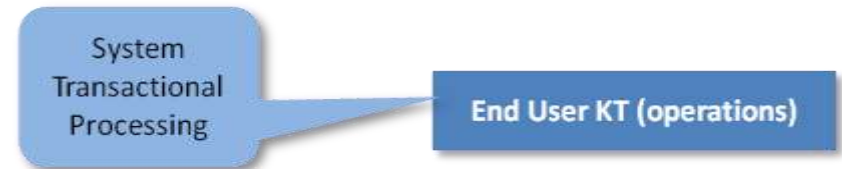
System Transactional Processing

End User KT (operations)

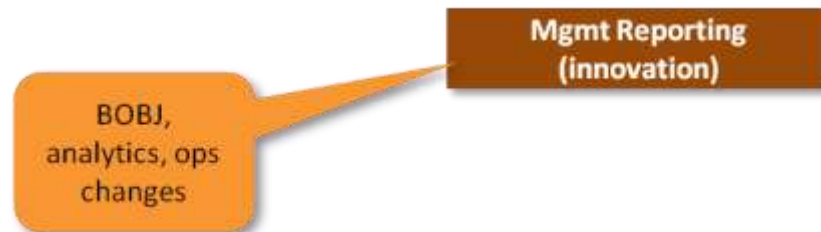**Change Management Strategies and Knowledge Transfer Processes for a Successful SAP Project 1**

http://www.r3now.com/change-management-strategies-and-knowledge-transfer-processes-for-a-successful-sap-project1

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Management Reporting & KPIs

- Key Performance Indicator – an abused and overused term
  - Nearly every "goal" or "metric" has been called a KPI.
  - Not every goal or metric is "key" to business performance.
  - Useful KPI's are **weighted indexes** of various goals and metrics.
  - KPIs should be aligned to Process, Innovation, and Customer Focus.
  - Middle management is naturally the Business Process Owners.
  - Most companies should not have more than 3 or 4 KPIs and they should be aligned at the top level of the index to top line corporate objectives.

Why Indexed KPIs are Critical for Business Performance and Success

http://www.r3now.com/why-indexed-kpis-are-critical-for-business-performance-and-success

Mgmt Reporting
(innovation)

BOBJ,
analytics, ops
changes

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Business Leadership Roadmaps

- SAP steering committees gain valuable skills such as setting & planning strategic direction, technology investment, and project governance.
  - Define and prioritize business objectives for SAP projects.
  - Set SAP (and technology) project scope and manage it.
  - Evaluate and mitigate organizational changes from IT solutions.
  - Coordinate business involvement in SAP / IT projects.
  - They make business altering decisions the project team is unable to resolve.
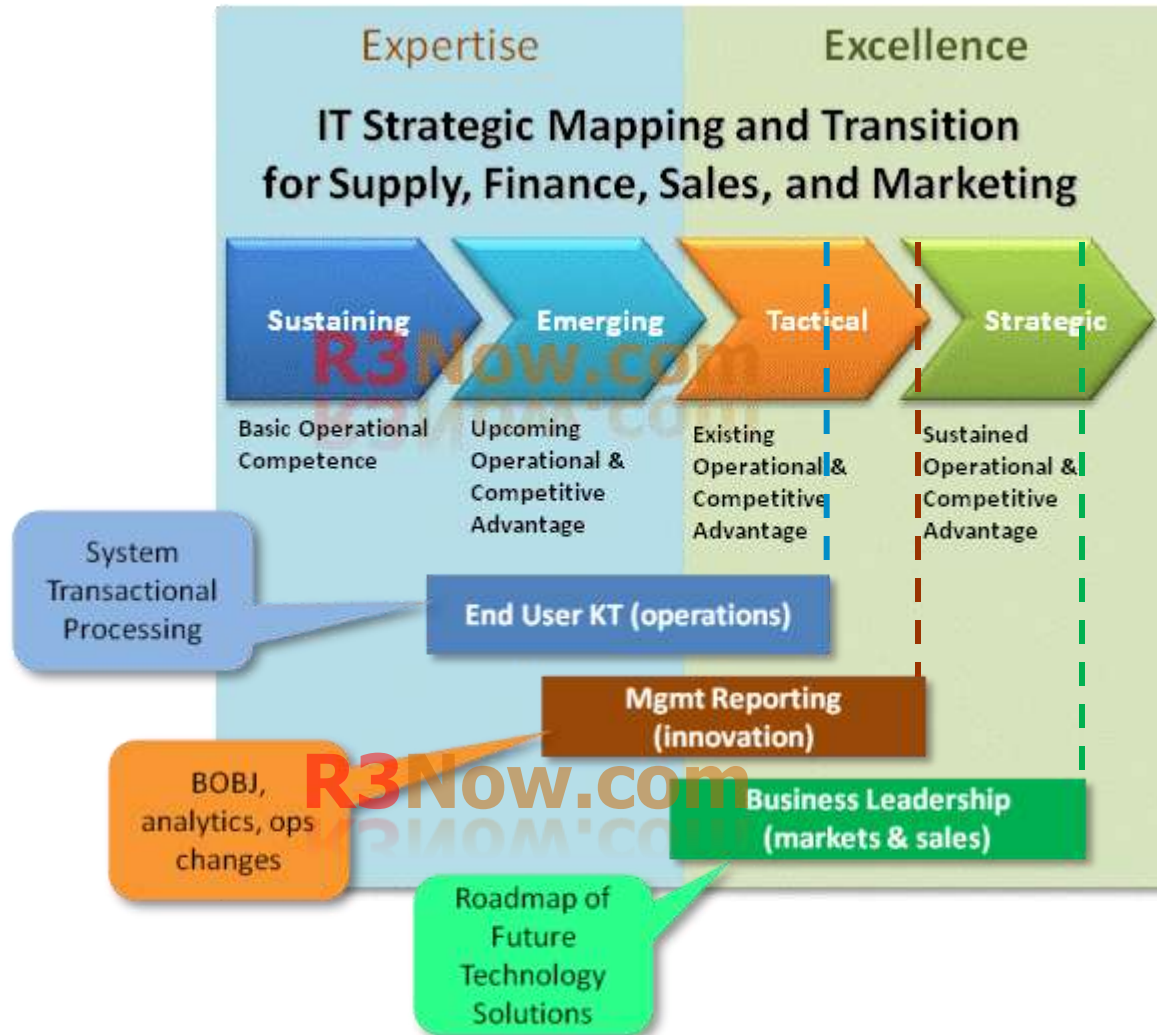
And then they are **DISBANDED!**

They MUST continue developing the technology roadmap for the future

Business Leadership (markets & sales)

Roadmap of Future Technology Solutions

Using Your SAP Steering Committee for Business Transformation

http://www.r3now.com/sap-steering-committee-for-business-transformation

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SAP Strategic Contribution

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Bringing IT All Together

- SAP and IT staff must lead the charge for the Center of Excellence
  - Proactively address 3 key business constituencies once the system stabilizes
    - End Users with Knowledge Transfer and ongoing training
    - Middle / Upper Management with Reporting and Analytics
    - Steering Committee with the Technology Roadmap
- Deploy, Engage, Embed, and Participate (DEEP) in the business
  - Open a dialog with the business areas which directly affect product or service innovation and revenue generation (usually engineering and sales).
  - Create a collaborative arrangement where SAP / IT staff will actively perform the jobs in those departments from a few days to a week per month.
  - Develop business focused solution requests for the steering committee to put on the roadmap.
  - USE SAP process related skills to focus on customer acquisition, customer retention, and address product or service innovation.

This is a paradigm and a culture shift for both the business and the SAP / IT organization – and these changes take time.

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For more information or help on building a business focused **Center of Excellence** Call or Write Today!

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Thank you.

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