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Enlightened Managed Services Series

## Taking the long view to SAP value

*The SAP go-live date is just “the end of the beginning”*

## FORWARD

In the press, industry blogs and SAP events, clients often share their experiences, both good and bad, in implementing SAP application software. One of the most commonly shared lessons is the mistake of rushing to implementation at the cost of long-term planning for application support and evolution.

As one client put it, “We had sticker shock over the cost of acquiring the software and could not get our minds wrapped around anything other than controlling costs.”

Beyond sticker shock, we find that too few service providers include long-term planning steps in their SAP implementation methodologies, thus hampering their clients’ ability to adequately prepare for post go-live support.

CGI asked Michael Doane, a leading authority on SAP implementations and support, to share his expertise on why and how clients should plan not only for a SAP go-live date but also for post-implementation maintenance and support. Mr. Doane is the author of *The New SAP Blue Book, A Concise Business Guide to the World of SAP* and *The SAP Green Book, Thrive After Go-Live*. We are pleased to be collaborating with him and trust that our combined insights will be of great value to you.

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## 1 For SAP implementations, speed kills

OVER THE PAST FIFTEEN YEARS, thousands of firms have borne the pain and cost of a SAP software implementation. Many of these implementation experiences are identical for these firms:

1. They acquired the software through licensing and took on hefty long-term maintenance agreements
2. They engaged one or more system integrator partners
3. They struggled through the learning curve
4. They were very concerned about the duration and cost of the implementation

As to point 4, in the mid 1990s, the dramatic growth of SAP was accompanied by an overwhelming market view that implementation projects cost a fortune and take far too long to complete. In response to this view, system integrators and SAP itself focused on accelerating implementation projects to make the offering more palatable to clients. SAP introduced the Accelerated SAP methodology (ASAP) in 1997.

Clients who bought into the “rapid” aspects of many implementation methodologies found themselves skipping over highly necessary organizational change management steps, failing to identify quantifiable benefits, failing to prepare for user and project team knowledge transfer, and racing through data migration with insufficient data cleansing. As a result, their time and cost savings were eroded by faulty go-live outcomes.

### Which of the following implementation issues did you face that is still affecting your enterprise?

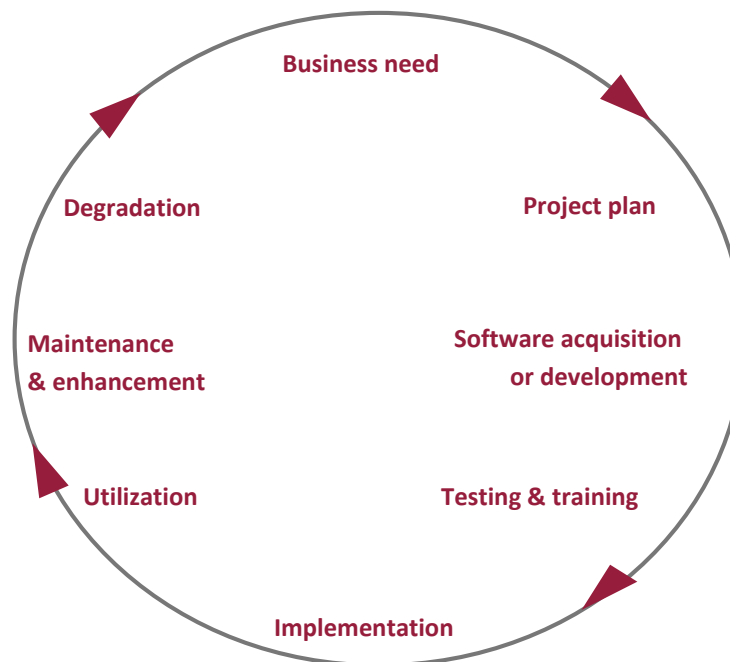
*Respondents could choose multiple responses.*

*Source: Doane Associates, revised 2010*

A	There was no quantifiable measurement of business benefits derived from implementation	Value of SAP investment not visible to business leadership	59%
B	We had insufficient knowledge transfer	SAP staff lacks competency/confidence; dependency on systems integrator	56%
C	After the go live, we disbanded the implementation team and left IT to support the installation	Business and IT alignment is lost	55%
D	We shortchanged end user training due to time and/or budget limitations	End users lack competency and confidence	51%
E	We over customized the software rather than adopting inherent business practices	Software maintenance remains an issue. Business staff cannot configure.	47%
F	We have too many versions to manage, which interferes with integration	Application maintenance is a burden and evolution is hindered	21%

Each of the issues raised in the survey above is serious and can erode any cost reductions sought from an accelerated implementation. In this light, clients should be aware that total cost of ownership (TOC) is a misleading measure when it comes to a SAP implementation. While it served a purpose for pre-SAP individual applications, it is less useful for long-term, enterprise-wide applications. TCO as a measure is like a pier that leads a client halfway across a river and drops them into the water. Total benefits of ownership (TBO) is also inadequate. Neither measure can satisfactorily take into account the probable 25 to 30 year lifespan of a SAP implementation.

Because of the challenges and costs involved with a SAP implementation, the most damaging fault in racing to a go-live launch is the failure to plan for the long-term deployment that will follow. Clients should be aware that, before SAP, they probably changed individual business applications (e.g., sales order processing, accounting, stock control, etc.) every three to four years. In such an environment, the applications lifecycle looked something like this:



SAP does not follow this lifecycle because degradation is largely reduced through regular software and technology upgrades provided in the SAP maintenance agreement. Further, companies that adopt SAP tend to stick with it through thick and thin.

Clients that cut implementation costs to the bone in order to rush to a go-live date do themselves a disservice. The go-live launch is merely “the end of the beginning” of what may well be a 25-year SAP lifespan. Taking a short-term approach quite often results in a single and dissatisfying result; the replacement of legacy applications with SAP applications and little measurable process improvement.

## 2 SAP marital planning

Field experience and primary research reveal that clients follow a pattern of denial, realization and determination in the three to four years after a SAP go-live launch. Denial is the presumption in the first year that all will be well once the installation is simply stabilized. Realization occurs in the second year when, as

the shakeout continues with no end in sight, it becomes clear a major reorganization and a change in focus are in order.

In the third or fourth year after the go-live date, the determination to seek sounder solutions often arises. It is at this point that a majority of clients understand that their SAP support organization is inadequate.

To avoid this pattern, clients are advised to plan and commit to the SAP marriage (long-term support and deployment) before the SAP wedding.

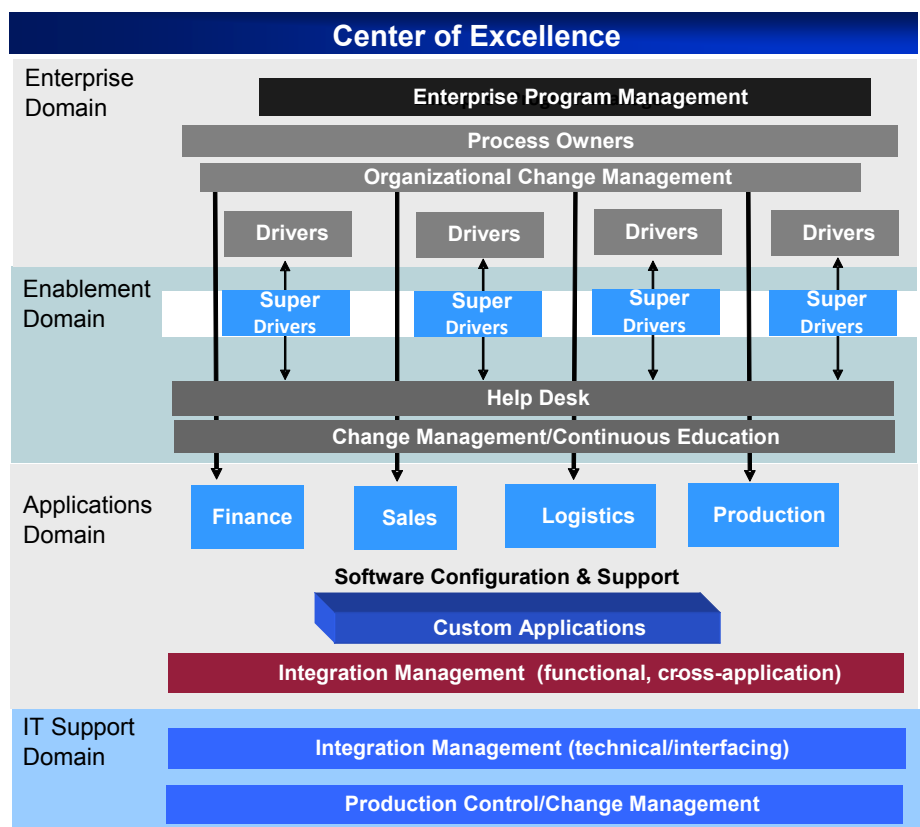
### 3 Planning for post-implementation SAP

It is important to bear in mind that while a SAP implementation project is highly technical, ongoing deployment of SAP (as the enabler of business process fulfillment) will be largely people-centric. Thus, the planning for post implementation should be centered on staffing and sourcing with less focus on technology.

Ideally, a client will create a post-implementation organization prior to going live. This requires resource planning that goes beyond a “project” mentality with an upfront determination to create permanent support groups for end users and applications. The most dynamic organizational setting is a Center of Excellence comprised of four interconnected “domains” (see graphic below).



During implementation, business stakeholders participate in developing a business blueprint. Some of these stakeholders should be given the full-time assignment of process ownership. After the go-live launch, they will have the assignment of continuous business process improvement.

Super users (also known as key users or power users) should be identified in the course of the implementation and assigned the role of end-user support and mentoring on a permanent basis. Applications staff assigned to configuration should be gaining the necessary knowledge transfer from a combination of training and partnering with an outside systems integration team.



After a go-live launch, a segment of the applications team should be retained for applications support and to act as business analysts. We strongly advise that this support be provided by business-centric staff. Many firms incorrectly presume that when configuration replaces programming post implementation, programmers are the obvious candidates to accomplish it. In fact, some programmers will be required for customization, reporting, interfacing and the like, but none should be employed for application configuration.

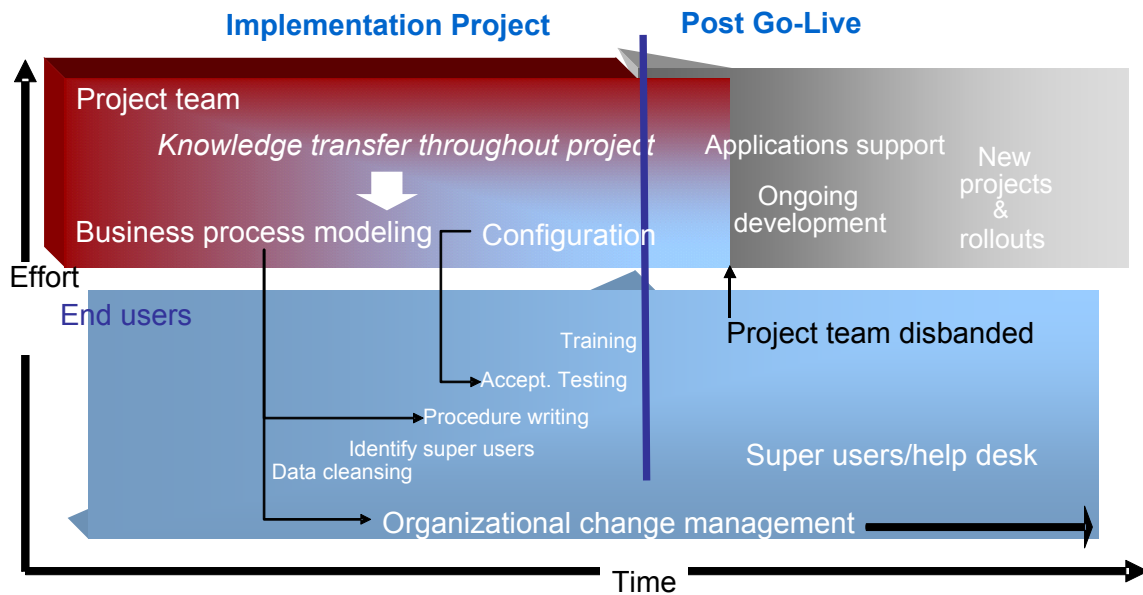
One of the key aspects of resource planning for post implementation is determining what level, if any, of managed services to retain. This aspect will be fully explored in a future white paper. The short version of our advice is that you should plan for a strategic mix of in-house support staff and external managed services. With the right mix, you can seize all of the advantages while avoiding the disadvantages included in the chart below:

Managed Services		Client Staff (In-House)	
Advantage	Disadvantage	Advantage	Disadvantage
Steeped in method, toolsets, and consulting skills Leveraging global delivery model	No direct stake in operational success (unless contractually)	Direct stake in operational success	Lesser knowledge of method, toolsets, and consulting skills
Costs may be shared across multiple clients on an as-needed or as-used basis	May lack single client focus	Single client focus is assured	Costs are not flexed according to usage
Deeper product experience			Shallow product experience
Better exposure to industry best practices	Not deeply oriented to client business context and organization	Fully oriented to client business context and organization	Less exposure to industry best practices.
Greater experience and method for application consolidation and harmonization	Only few managed services integrators like CGI have capacity/skills to manage a mix of enterprise and legacy apps	Greater experience with own legacy applications	Tendency to rely upon legacy applications rather than SAP
Deeper knowledge of business process design			Shallow knowledge of business process design

As you develop your resource plan, you will need to do the following: a) identify the staff that will be retained to support SAP after the go-live date, b) inventory staff skills, and c) provide the necessary knowledge transfer to fill any skill gaps.

The transition from an implementation project to a post-implementation support environment can be seamless if sufficient planning and preparation occur in advance. At the point of going live, you will begin to decrease your project staff to the permanent level planned. Moving forward, this group will be responsible for second level applications support, ongoing development relative to business process improvements, new projects (e.g., extended applications) and geographic rollouts. This team can be further reduced as rollouts are completed.

Note that knowledge transfer accelerates during the realization phase in which the key activity is software configuration. In parallel to this knowledge transfer, user activity rises throughout the implementation project, culminating in the penultimate step before go-live: end user training. On the day of go-live and permanently thereafter, end users will have benefit of a help desk, super user monitoring and mentoring, and organizational change management services to smooth over business process changes that should continue to occur on a regular basis.



#### 4 Conclusion: There is no end to your SAP implementation (and that is the good news)

While completing an SAP implementation is an impressive achievement, it will be all the more impressive if the client organization is fully prepared to support and evolve the installation after go-live.

Full preparation will allow a client firm to do the following: a) absorb the shock of business process change, b) assure continuity of internal and client-facing operations, c) maintain a high level of employee morale ("We did it! And it's working!"), and d) set the stage for additional measurable benefit.

If you are contemplating an SAP implementation or currently in the midst of one, take a long look at the planned project methodology to ensure that it includes the steps required for long-term, post-implementation planning. While inclusion of these steps may add 3% to 5% to your project budget, the investment will be paid off quite handsomely down the line.



## About the Author

Michael Doane is a leading authority on enterprise applications with 37 years of business and information systems experience, including 16 years in consulting. He advises clients on strategies, implementation and integration, service provider selection and management, and best practices and methods for deriving full value from enterprise applications investments.

Mr. Doane is the author of *The New SAP Blue Book, A Concise Business Guide to the World of SAP* and *The SAP Green Book: Thrive After Go-Live*. He has led numerous executive seminars in Canada, the U.S. and Europe on the subjects of implementation best practices, return on information systems investments, and application lifecycle management.

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## About CGI

At CGI, we're in the business of satisfying clients. As a leading IT and business process services provider, CGI has a strong base of 31,000 professionals operating in 125 offices worldwide. A certified SAP hosting and alliance partner and SAP Certified in Run SAP Implementation partner, CGI helps clients ensure the best return on their SAP investments. Through CGI's SAP Center of Expertise (COE), we offer public- and private-sector clients focused expertise through a committed and seasoned SAP-centric operational and technology management team.

We define success by helping our clients achieve superior performance and gain competitive advantage.