
Keane White Paper

Getting It Right the First Time

9 Best-Practice Guidelines for a
Successful SAP Installation

EXECUTIVE SUMMARY

“Over 80% of companies do not have the right processes in place to get the most out of their SAP investment — often over a \$100 million [£53 million] asset.” — AMR Research.

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Abstract

Real-time visibility across the entire enterprise. Streamlined supply chains. More efficient administrative and financial systems. Shortened product-to-market time. These are just a few of the benefits realised by organisations that have implemented SAP.

The downside? Enterprise Resource Planning projects — the ones that make headlines, anyway — are notorious for eating up budgets, taking longer than planned for implementation, and failing to cure what was ailing the organisation in the first place.

To assist you in navigating the SAP landscape (whether your organisation is implementing SAP for the first time or is considering an SAP upgrade), this white paper provides insight into what makes for a successful SAP implementation. (Hint: it's not all about the software.) This paper also lays out nine bestpractice guidelines that can help your organisation prevent costly mistakes, keep your initiative on track, and reap the measurable benefits of your SAP solution.

The Promise and Peril of SAP

Since 1992, when SAP AG introduced SAP R/3, the first client-server-based ERP system, more than 27,000 organisations around the world have installed the software.¹ The majority of these installations have met

with success, although few have been implemented without some degree of difficulty.

SAP implementations, to cut right to the chase, are fraught with both peril and promise.

In perhaps the most publicised SAP setback, computer systems vendor Hewlett-Packard has suffered not one, but two troubled SAP implementations. The first, which came to light in May 2004, led to the firing of three HP executives. The second, reported in March this year, puts the implementation on a five-year timetable, rather than the three years that had been initially scheduled.

Thankfully, the journey toward SAP implementation is not always so bleak. In fact, the promises can be exceptionally rewarding — from achieving real-time visibility across the organisation and streamlining administrative and financial systems to reducing costs and eliminating duplication of effort.

For example, Thomas Cook's £1.7 million SAP implementation, which included financials, human resources, and business intelligence software for 11,000 employees across three divisions of the company, helped the travel firm “record an £80 million turnaround in net revenue” and make a return to profitability, according to Computer Weekly. And UK-based glassmaker Pilkington is implementing a “£40 million SAP-based project that will bring common business processes to 50 separate IT groups across the world and put much of its business online,” Computer Weekly reports. In June 2003, Pilkington credited its SAP implementation for a large portion of its £217 million annual profit.

A Focus on Communication, People, and Process

So, what must an organisation focus on to ensure that it reaches the promised land? In short, communication, people, and process. That is, communicating (and communicating and communicating) your new systems process to your people.

As CIO Magazine explains, SAP “is a major change in the way people do their jobs. Never underestimate the amount of cultural havoc such change can wreak on an organisation.”

SAP setbacks at Rowe Furniture Inc., a US-based furniture manufacturer, for example, were attributed to “implementation and training issues among its workers [that] caused furniture manufacturing and shipping problems,” according to Computerworld. At UK-based WHSmith, a newspaper and magazine retailer and distributor, “users could not carry out many operations the system was designed for,” states Computer Weekly.⁵ HP’s difficulties were blamed on “a lack of adequate internal processes,” Computerworld reports. “HP officials acknowledged that an aggressive schedule early on didn’t allow for adequate mapping of business processes or the implementation of change management capabilities.”⁶

Granted, every implementation presents its own set of hurdles. But there are some common themes that recur time and again, regardless of the size of the organisation or its industry sector. From these common themes, we have developed the following best-practice guidelines.

9 Best-Practice Guidelines for a Successful SAP Installation

1. Start With Strong Executive Sponsorship and Assemble a Seasoned Team

For a successful and sustainable SAP implementation, it is essential to begin with committed sponsorship at the highest levels of the organisation. Because the sponsor must have the authority to request resources and attention from various business units, selecting the CIO or IT director to fill this role is seldom the best course of action. The organisation would be better off appointing the CEO, COO, CFO, logistics director, or the human resources director as the champion for such a programme. Furthermore, the sponsor should have a vested interest in the successful outcome of this initiative. His areas of responsibility should be affected by, and benefit from, the SAP implementation.

The role of the sponsor is threefold:

- » The sponsor must send the signal that the SAP implementation is a high-priority project. Some organisations make their SAP installations the highest priority; others make their SAP implementations part of a broader business initiative. But those organisations that struggle with big ERP implementations typically suffer from competing initiative and management agendas.
- » The executive sponsor should provide a wellthought-out vision or business case that people in the organisation can buy into. The sponsor also must be able to maintain that level of commitment throughout the project. Communicating the successes of the implementation at key points in the process, such

SAP Installations Worldwide

Major Customers Running SAP Software Solutions	27,000+
SAP Software Installations	91,500
Countries in Which There Are SAP Installations	120
Industry-Specific Versions of SAP	28

Sources: "The Information Technology 100," BusinessWeek, 20 June 2005.

"Designed for Your Industry. Scaled to Your Business. Ready for Your Future," SAP AG, 2004

as stage kick-off, just prior to the go-live date, or a month or so into the initiative, can provide a reassuring message and reinforce the project benefits to those working on the installation.

The sponsor should establish a steering 3. board for ongoing governance. A major consideration in the success — or failure — of any SAP implementation is establishing and operating a steering board. Also referred to as a programme board or project board, the steering board consists of high-level executives, representatives from the systems integrator, a quality assurance representative, and a change management representative. By meeting at regular intervals, the steering board helps to drive the initiative, ensure that project plans are being created, and keep the implementation on track.

In overseeing the processes and resources involved in the SAP installation, the steering board provides a locus for reporting the project progress, resolving issues, and forecasting risks and their mitigation.

Define a Business Orientation

The foundation of any SAP installation rests on the culture of the organisation, on the organisation's capacity to handle change management, and its ability to provide a business-driven or business-led solution. This means that the project must be designed with an eye not just to technology but also to the business's industry sector, structures, processes, and culture. Without a proper business focus, any SAP initiative will ultimately be a software installation — not a solution implementation.

Develop a Strategy for Open and Frequent Communication

A large project of this nature requires a communications strategy that prepares employees for the transition to the new system. This communications strategy should present the progress and benefits of the project to participants at regular intervals. A communications strategy can also ensure that there is outreach to all stakeholders who will be

affected by the project, including external parties such as key business partners or regulatory bodies.

Assign—and Empower—Your Best People

Organisations usually ensure that their consultants and outside technicians have the best resumes and the right experience. But as mentioned above, a project as critical as an SAP installation requires the participation of the best and the brightest within your organisation as well. There should be an equal focus on the quality, skills, and commitment of the people coming from both the business and technology sides of your organisation. In addition, the people working on this initiative must be empowered by their directors to make day-to-day decisions.

What's more, team-building and motivation programmes must be incorporated into the project in order to maintain participants' involvement and buy-in and to prepare the team for personnel changes. It is not uncommon for participants to experience burnout. It is also likely that team members may feel some job uncertainty, particularly if the line role they had previously filled will be eliminated upon completion of the project. For these reasons, among others, it is imperative that a human resources strategy be in place to support those who are working on the SAP installation.

Eliminate “Scope Creep”

The SAP solution that is being proposed for your organisation should be a best practice for the industry, or for the line of business, that it is serving. The solution should also be appropriate in terms of the amount of change that your organisation can withstand. A common temptation in large ERP initiatives, once they have been given the green light, is “scope creep.” Having a project spread beyond its original plan and limits is not just a technical problem;

it's actually a problem in terms of how much the organisation can implement.

Typically, SAP projects result in both system changes and process changes. Changes in roles and in the structure of the organisation are common as well. Therefore, it is important that the solution be tailored to the capacity of the client and that, from a technical point of view, it uses the best available SAP solution — that is, it leverages the most recent releases, industry solutions, and best-practice templates. Organisations should also avoid excessive customisation or enhancement of the software source code as that slows down the project, affects future upgrades, and adds to the solution's total cost of ownership.

Assign Ownership to the Data, and to Its Management

From a business perspective, clear ownership must be assigned to the data that is migrated from a legacy system and used as part of the new system. First, it is necessary to clean up and transform the data manually. Second, once it has been migrated to the SAP system, the business owners must transform that data using both manual and automated methods. Proper management of the data is also essential for business reporting of your key performance indicators. Careful management and maintenance of the master and transaction data ensures that your SAP knowledge won't go out the door should key employees leave your organisation.

From a technical standpoint, when the data is migrated and cleaned, it is essential that it be transformed according to the new business rules that are configured in SAP. It is also important that the migration itself take place in a timely and effective manner.

Test, Test, Test, and Test Again

SAP is certainly one of the most rigorously tested application software packages available for business use. But the testing carried out in SAP AG's software labs will not cover every configuration and data combination. For that reason, your organisation's testing initiative must verify that all aspects of the solution will work to the design and service levels of the business processes, application software, and technology infrastructure.

Testing should proceed from individual unit testing of particular parts of the system to end-to-end process testing. Integration testing, which tests the whole system while still in a project environment, is next. Then comes user acceptance tests, which allow end users to run test cases against the system. Production volume and stress testing verifies that the system can run with the volume of data and the simulated load that will be put upon it. Finally, testing of the cutover process ensures that the go-live will proceed without a hitch.

Testing can appear to be an exhaustive process. But in the end, testing — and testing again and again — is cheaper than the alternative: an unsuccessful SAP go-live.

Train End Users With the Skills They Need

The most perfectly tested system, with the cleanest data and the most stable technical environment, is worth little without end users who are trained to use it. There are five phases to training end users in the organisation:

- » Analyse training needs and map the system functionality to the planned roles of end users.
- » Assess both the business and technology skills of end users to determine what level of training is needed.

- » Build, develop, or acquire the necessary training materials.
- » Plan the training programme itself, including pilot training and training the trainer.
- » Train the most important users: the managers and employees who will actually run the business with the new system.

The most fundamental principle with respect to training is that it must be “contextualised” to ensure that the new business processes, as well as the system transactions, are tailored to the end users' experiences and needs. When you present the training in terms of what the end user is familiar with, and in context of the work that is being done, the user is more likely to understand and retain that training. It is also important that training not be a “one time only” occurrence or that training be conducted too far in advance of when end users will actually begin using the new system.

The training component of your SAP initiative should not be taken lightly. Without proper enduser training, in both the business process and the use of the system, the applicational usage of the SAP system will fail. In terms of critical success factors, end-user training is one of three guidelines — along with data management and testing — that must be completed successfully before your SAP installation can go live.

Design a Support Infrastructure That Will Meet Users' Needs

Once your SAP installation has gone live successfully, your team will disband and move on to new roles in the organisation. The support organisation, therefore, must be carefully defined and resourced if the SAP solution is to realise its promised benefits.

The support organisation or SAP competency centre has a responsibility to ensure the ongoing support, stability, and continuous upgrade of the SAP system. In addition, the support organisation needs to provide continuity management throughout the SAP implementation by maintaining the bridge that was built between the business and IT communities.

What is required? A good support infrastructure for front-end calls (typically, a generic help desk), an SAP help desk for resolving simple queries, and a series of support analysts of various disciplines. Other components of support that must be addressed are implementing software upgrades, planning fixes to software, and planning interim releases and future upgrades. The support and maintenance of SAP systems must always be delivered in a business context to an agreed set of principles and measures known as the SLA (Service Level Agreement).

It Bears Repeating: Communication, People, and Process

SAP implementation successes — or failures — are about more than software. It's comparatively easy and painless to put a new software system in place. The challenge, however, lies in communicating and changing the business processes and the mindset of the people who will use that system.

To hammer that point home, AMR Research reports that "over 80% of companies do not have the right processes in place to get the most out of their SAP investment — often over a \$100 million [£53 million] asset."⁷

Certainly, SAP implementations are risky. After all, such installations are intent on transforming the very way you do business.

But doing nothing about inefficient processes and systems achieves nothing. By taking the above guidelines to heart, your organisation can take the first step toward accelerating your implementation project, reaping the rewards of improved efficiency and profitability, and getting your SAP installation right the first time.

Choosing an Implementation Partner

Because effective SAP implementations demand a high level of expertise with respect to understanding business processes and meeting the needs of end users, many organisations choose to hire external firms to assist them. The success of your SAP implementation rests heavily on the partner you select. Therefore, it is vital that your organisation perform a detailed appraisal of your potential partner's expertise.

When selecting an SAP partner, organisations must first evaluate the company's capabilities. Consider the following:

Experience – Has the partner company successfully implemented SAP projects similar to the scope and complexity you need? Does the company have an in-depth understanding of what is required for a successful SAP initiative? Does the partner company have the necessary skills to complete the project?

Proven Methodology – Does the partner employ proven methodologies when setting up the project to ensure that the appropriate level of commitment and resources are designated for each component of the SAP installation?

Best-Practices Approach – Does the firm have hands-on experience with SAP installations and does it have a validated, best-practices approach?

Good Business, and Cultural, Fit – Does the company have the necessary background in your industry? Does the potential partner understand your business processes? Does it understand, and fit in with, your business culture?

Flexible Delivery Options – Does the partner firm offer a flexible range of resources, locations, and cost structures that allow you to balance cost effectiveness with delivery requirements?

Accountability – Does the partner company manage the project through an onsite project manager, providing a single point of accountability for all project efforts no matter where they are executed?

Predictability – Does the firm use common technology migration processes, management disciplines, methodologies, and metrics across all teams to ensure consistent, predictable, and high-quality performance?

Proven Quality – Is the potential partner SAP-certified? SAP certification means that the partner firm will be up to date with the latest knowledge and communication with respect to SAP. Also, is the partner firm able to provide references from previous projects? Or can you gain insight into its track record from informal networks of SAP user groups?

Finally, once you have decided upon an SAP partner, it is vital that both the partner's role and the scope of the project are clearly defined.

Why Partner With Keane?

With our experienced and highly skilled team of consultants and trainers, Keane is a leading SAP implementation partner and external SAP trainer. Keane has more than 40 years of experience delivering high-quality business and IT solutions to help companies realise cost savings, efficiencies, and improved performance.

Accredited SAP Implementation Partner: As a fully accredited Accelerated SAP Implementation Partner, Keane has established a major presence in the SAP implementation arena. Our reputation is founded on high-calibre, in-house professional expertise; a clear understanding of the technological and organisational issues inherent in SAP; and a strong commitment to add value to client business operations.

Flexible Delivery Options: SAP solutions can be tailored to the management, resource, and execution needs of any client.

Technical Excellence: Keane has expertise in industry-leading applications and business assessment, development, remediation, and testing to improve the quality, efficiency, and results of SAP installations and upgrades.

Deep Industry Knowledge: Keane is organised into industry verticals, comprising Insurance, Financial Services, Life Sciences, Healthcare, Retail,

Manufacturing, Hospitality, Energy and Utilities, Transportation, and the Public Sector. This business knowledge extends into the SAP Practice, which has demonstrated capability in these industry sectors.

Global Delivery: Keane's blended Global Delivery model provides the benefits of onshore delivery and client representation, coupled with the leveraged cost benefits of an offshore model. Our Offshore Advanced Development Centres leverage time zone advantages to extend remediation hours to nearly 24/7.

Unparalleled Project Management Expertise: Keane is recognised by clients and industry analysts for project management prowess and an approach that delivers excellence, accountability, and effective communication throughout the engagement. Keane's frameworks and the Keane Guide to Project Management ensure a low-risk, high-quality project. Keane uses the SAP Solution Manager environment for detailed control over the integration, configuration, and implementation of the SAP software.
