

SAP LANDSCAPE TRANSFORMATION 2.0

ALIGNING IT WITH BUSINESS GOALS

To keep pace with ever-changing market conditions and business challenges, SAP® Landscape Transformation software helps to accelerate your business and IT transformation and turn complex business requirements into a highly standardized set of transformation solutions. The software enables you to better plan, analyze, sequence, and realize your own transformation project within common business scenarios such as mergers and acquisitions, divestitures, internal reorganizations, and projects to harmonize existing business processes.



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THE BUSINESS CASE FOR LANDSCAPE TRANSFORMATION

Enterprises Face Constant Need for Transformation

Enterprises constantly face transformation needs. Many of these transformation requirements arise from a variety of external sources. Organizations may encounter changing market expectations, which need to be reflected in their corporate structure and product portfolio. Many companies are also struggling to increase the transparency of their business and operate effectively. But companies also experience pressure from the inside. Not only do they have to deal with regional disparities and system complexity, but they also have to cope with internal reorganizations. As a result, companies must be able to adapt their operational processes and structures – quickly and efficiently.

To help companies keep pace with global market changes, retain market flexibility, and realize their goals on the IT level, SAP now offers its new, standard **SAP® Landscape Transformation** software. SAP has designed the software to help customers adapt organizational structures, unify and simplify their existing business processes, or realize consolidations via a structured approach.

Incorporating the SAP knowledge and expertise that comes from more than 10,000 successful transformation projects over two decades, this standard software can help reduce total cost of operations (TCO), ensure data quality, and achieve data consistency. Proven methodologies, support for best practices, and standardized technologies secure your envisioned transformation scenario.

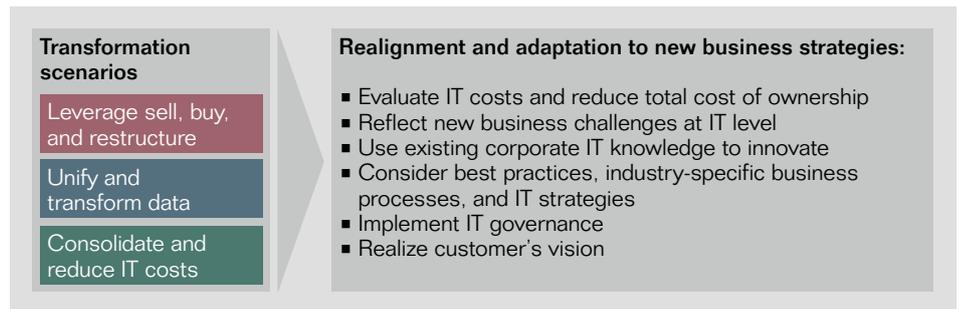


Figure 1: SAP® Landscape Transformation Helps Align Your IT with Business Strategies

The software also supports efforts to consolidate system landscapes and optimize existing processes. SAP Landscape Transformation software helps you plan, analyze, sequence, and successfully realize your own transformation project within common business scenarios.

Growing Complexity Drives Transformation

Ever-changing market conditions and business challenges force corporations to constantly improve their business portfolio, increase their revenue growth, and protect and expand market share. To continue operating on a solid and reliable IT foundation, a company must constantly update and optimize its business processes and incorporate this changing reality into its IT landscape (see Figure 1).

Many SAP customers manage diversified landscapes that they have built around numerous SAP systems and multiple solutions from SAP Business Suite applications – including, for example, the SAP ERP, SAP Customer Relationship Management, and SAP Supplier Relationship Management applications, as well as SAP business intelligence and industry

solutions. The complexity of such a system landscape is often further compounded by the need to handle regional demands and disparate legal requirements. Over time, the established processes frequently grow, become extensively complicated and expensive, and lack transparency. Key factors that contribute to complexity include:

- Multiple instances and different release levels and platforms
- Redundant and inconsistent master and transaction data
- Different process design and incomplete business processes requiring manual reentry
- Numerous interfaces spanning across both SAP and non-SAP systems

Enterprises respond to these recurring transformation needs with IT-driven initiatives that can vary considerably in scope. Redesign options include, for example, reorganizing the company's internal structure on the system level, simplifying processes, or harmonizing master and transaction data. Regardless of the scenario, reliable software and expertise are required to realize the envisioned transformation scenario – efficiently and cost-effectively.

Aligning IT Infrastructure with Business Goals

If you are encountering the need to transform your IT landscape – SAP Landscape Transformation software can help you realize your envisioned business setup. The software is fully embedded in release 7.0 of the SAP Solution Manager application management solution and fulfills all technical and business requirements while maintaining data consistency and considering system integration aspects.

In addition, the software complements the application lifecycle management (ALM) portfolio from SAP and leverages synergies with other processes, such as solution documentation and test management.

SAP Landscape Transformation supports the following business scenarios:

- Managing mergers and acquisitions, and carve-out projects
- Managing reorganization activities
- Optimizing or simplifying business processes
- Harmonizing master data and preparing to introduce global templates
- Reducing total cost of operations through system consolidation and data centralization

You can see a major benefit of SAP Landscape Transformation in the predefinition of scenario-based road maps that provide full guidance, support best practices, and include in-depth documentation and integrated “knowledgeware.” The software contains tutorials that show users how to create and execute projects. These elements help you better

conduct and successfully carry out your transformation project. The software’s work center structure helps you to manage your project in an efficient manner – and customers and SAP partners can navigate through the different project stages.

The software’s analysis functionality offers you a comprehensive overview of general system, database, and application characteristics. This overview enables users to evaluate and assess the effort, duration, technical feasibility, and application-specific requirements of the project at an early stage.

Fast-Growing Product Functionality

The second release of SAP Landscape Transformation software includes 14 new transformation scenario components (see Figure 2 for an overview).

| | | |
|---|--|---|
| Analysis and technology platform | Generic and scenario-specific analysis: | |
| | <ul style="list-style-type: none"> ■ Selling/restructuring business ■ Financials and controlling/logistics and operations ■ Consolidating systems | |
| Knowledgeware, road maps, and conversion packages | Leverage sell, buy, and restructure | |
| | Selling: | Reorganizing business: |
| | <ul style="list-style-type: none"> ■ Carve-out company | <ul style="list-style-type: none"> ■ Company code merge ■ Controlling area merge ■ Profit center reorganization/merge ■ Cost center merge |
| | Unify and transform data | |
| | Financials and controlling: | Logistics and operations: |
| <ul style="list-style-type: none"> ■ Chart of accounts conversion ■ Cost center conversion ■ Asset class conversion (CoA) ■ Conversion of asset account determination | <ul style="list-style-type: none"> ■ Controlling area rename ■ Fiscal year conversion ■ Company code rename ■ Profit center conversion | |
| Consolidate and reduce IT costs | | |
| Consolidate systems: | | |
| <ul style="list-style-type: none"> ■ Client transfer | | |

Figure 2: Functionality in SAP® Landscape Transformation Release 2.0

The SAP Landscape Transformation Approach

SAP Landscape Transformation offers a standardized, software-based approach for addressing transformation scenarios in a holistic fashion – in contrast to traditional approaches such as the “greenfield” approach where a system is built from scratch. Benefits of the SAP Landscape Transformation approach include:

- Help for customers to build their own transformation capability, realize upcoming changes via in-house resources, and monitor their system landscapes
- Consistent data transfer across all SAP solutions and consideration of the complete data history

- Smooth data transfer via continuous testing cycles to help ensure all data is changed correctly
- Significant reduction in overall project duration and downtime of the productive systems thanks to phased transformation
- Streamlined IT transformation process and significant reduction in overall project risk and costs
- General reuse of customizing settings
- Possibility to incorporate a Unicode conversion or an upgrade during a single downtime period
- Reduced maintenance activities after client transfer

Since SAP Landscape Transformation is **standard SAP software**, it is fully compliant with SAP regulations, and customers benefit from assured maintenance and continuous support. For more complex and customer-specific transformation requirements, the [System Landscape Optimization group](#) offers a comprehensive service portfolio. For example, services can address scenarios that require the further adjustment of other SAP applications such as SAP Customer Relationship Management, SAP Supplier Relationship Management, as well as business-warehouse and industry-specific solutions.

| Comparing Traditional Approaches with SAP Landscape Transformation Approach | |
|---|--|
| Traditional approaches (for example, greenfield approach, archiving, legacy system migration) | Approach based on SAP Landscape Transformation software |
| <ul style="list-style-type: none"> ■ Often lead to multiyear projects | <ul style="list-style-type: none"> ■ Operates on running systems ensuring business continuity |
| <ul style="list-style-type: none"> ■ Ignore functional expertise embodied in existing enterprise resource planning (ERP) assets (applies to the greenfield approach) | <ul style="list-style-type: none"> ■ Starts with scenario analysis to choose best solution and target system |
| <ul style="list-style-type: none"> ■ Do not allow transfer of historical data and running processes to new system | <ul style="list-style-type: none"> ■ Saves time and money by operating directly on database level |
| <ul style="list-style-type: none"> ■ Can put your existing database at risk and may result in losing SAP maintenance coverage if you perform non-SAP-certified conversions at the database level | <ul style="list-style-type: none"> ■ Helps guarantee preservation of historical data, running processes, and persistence of maintenance |

Phases of Tackling a Transformation Project

Based on modern project management standards and many years of experience in transformation projects, SAP Landscape Transformation software optimally guides customers and partners through all main project phases (see Figure 3 for an overview of the phases).

Identifying the Best Transformation Approach

The analysis platform provides generic system analyses that help companies assess scope and technical feasibility. Software-based analyses offer the advantage that they work with existing system information to provide the basis

for cost estimates, risk assessments, and feasibility studies. As a result, you can avoid incorrect conclusions due to missing or misleading information.

Analyzing System Landscape and Designing Project

After an enterprise has selected the most suitable approach to perform a transformation, it can create a project according to individual requirements and include the desired business transformation component(s). This process results in a project template, which comprises all relevant project steps and transformation requirements. Scenario-specific analyses (see Figure 4 on page 8 for a sample analysis) provide customers and partners with key insights, such as:

- A detailed overview on the respective system landscape(s)
- Database characteristics and scenario-specific information
- Estimates of time, costs, and project resources at an early stage in the project
- A comparison of essential system settings and data structures, such as repository objects and different customizing settings
- Identification of conflicts, missing information, and duplicate entries
- A full picture of existing discrepancies to be tackled throughout project realization and during data migration

With these insights, you can then design the target blueprint and set up a detailed transformation project plan.

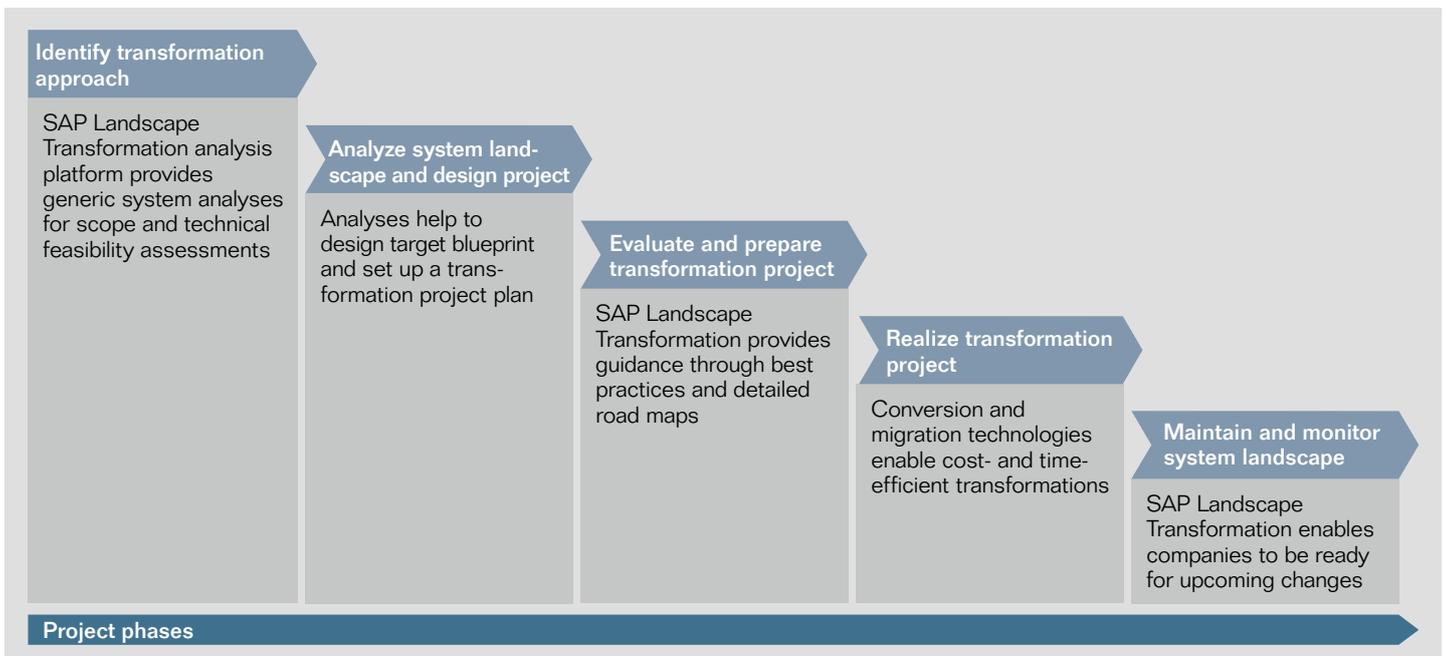


Figure 3: Typical Transformation Project Phases

| SAP Module | SAP Module Description | Largest tables (Transactional Data) |
|------------|---|---|
| AC | Accounting - General | BACOPC (806) |
| AP-CPG | Product Configurator | COMM_CFOVALTX (369), COMM_CFOCLACOM (337), COMM_CFOVALSYM (269) |
| AP-CPG-CBA | cBASE / Configuration Store | IBINVALST_SYM (319), IBINVALST_OBJ (95) |
| AP-LIM | AP-LIM Logistics Inventory Management Engine | LIMEGEN_IDXCOL (1248), LIMEGEN_IDXTAB (114) |
| AP-MD-BF | Basic Functions | MOBM_SYNC_HIST (1004), MOBM_SYNC_RUNT (1099), MOBM_SYNC_HIST_F (1024) |
| AP-MD-BP | SAP Business Partner | BUT100 (800), BUT000 (5932), BUT020 (4838) |
| AP-MD-BA | Installed Base | IBEXTINST (1940), IBINVALUES (1248), IBIN (1025) |
| AP-MD-PCA | Payment Cards | CCBEC_LOG (128) |
| AP-MD-PRO | Central Part of Product Master | COMM_CATEGORY (303), COMM_PRCAT (139), COMM_CATEGORY (139) |
| AP-PPF | Integrated Product and Process Engineering | POVID (14497), PHOOD (8384), PV50EX (554) |
| AP-PPC-CON | Condition Technique | SPANDCONDINDX (116) |
| AP-PPC-PR | Pricing | PRCO_ITEM (4354), PRCO_HEAD (424), PRCO_COND (209) |
| BC-BABA | Syntax, Compiler, Runtime | INDX (149124), ABAPHTSL (2945), TSKBA (25) |
| BC-BALTO | Logical DB. Selection Screens, Selection Variants | VARINJM (2245) |
| BC-BMT-OM | Organizational Management | SWUSERM (10939), FLOO (2992), HRMDORGIN (3797) |

Figure 4: Output File from SAP® Landscape Transformation Analysis

Evaluating and Preparing Transformation Projects

Supporting the application of best practices, SAP Landscape Transformation provides guidance and **scenario-specific road maps** that give you a detailed overview on all project phases (Figure 5 shows an example of a road map).

Realizing the Transformation Project

SAP Landscape Transformation enables you to realize transformations in a cost-effective, timely, and efficient manner. Its proven conversion and migration technologies allow you to update or change all historical data. A phased transformation approach results in minimal system downtime. To help ensure maximum data security and minimum system downtime during the conversion of the productive system, various test runs are carried out prior to the production conversion.

Depending on the project complexity, the testing phase involves one or more test cycles in a dedicated test system. After each test conversion, you are able to

validate the following conditions:

- Consistency of data structures
- Data access after conversion run
- Verification of test results
- Verification of changeover prerequisites

As soon as the test results are satisfactory, you can realize the conversion in the productive environment. All project steps are carried out using a process tree – similar to the implementation guide commonly used in an SAP software system environment.

After a successful cutover to the new system and business operations, your productive system will be up and running. Consistency and compliance are assured for all system data – including open items, complete data history, and data archives.



Figure 5: SAP® Landscape Transformation Road Map for Data Transformation

Maintaining and Monitoring the System Landscape

SAP Landscape Transformation software supports several business scenarios and can help you identify options for improvement. Furthermore, companies can quickly respond to upcoming business changes and adapt their organizational structures accordingly. Companies can benefit from higher efficiency, data quality, and improved transparency.

Project Approach

Based on extensive experience gained in system transformations over many years, SAP Landscape Transformation software helps you execute all transformation projects in standardized phases. (See Figure 6 for a sample process tree).

Typically, a project comprises the following phases:

- Business preparation
 - Comparative analysis of the differences between the affected systems, including the SAP repository, user exits*, and customized settings
 - Creation of a transformation concept
 - Identification and harmonization of discrepancies between the systems
 - Definition of test scenarios
- Technical preparation
 - Setup of test systems
 - Setup of SAP transformation project

- within the SAP Solution Manager application management solution
- Preparation of test cycles
- Test conversion within the test system
 - Performance monitoring
 - Analysis of the test conversion results
- Conversion of the productive system (usually over a weekend)
 - Conversion of the entire productive system
 - Final tests

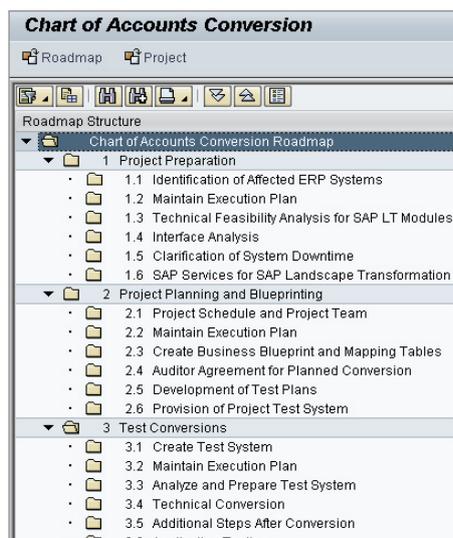


Figure 6: Sample Process Tree Showing Standardized Project Phases

* User exits are points in an SAP program where a customer's own program can be called.

The analysis platform in SAP® Landscape Transformation software provides generic system analyses that help companies assess scope and technical feasibility. Software based analyses offer the advantage that they work with existing system information to produce and present cost estimates, risk assessments, and feasibility studies. As a result, you can avoid incorrect conclusions due to missing or misleading information.

The most suitable transformation approach is not always straightforward and clear at first. To fully realize a change in business strategy on the IT level, the overall project requirements need to be outlined in detail and translated into a suitable transformation scenario.

The standard SAP software addresses various transformation needs, which are grouped into specific business scenarios (see Figure 7 for an overview of typical scenario triggers). This categorization helps you translate your business needs into an appropriate transformation scenario.

| Typical business requirement | | Transformation solution | |
|-------------------------------------|---|--|---|
| Leverage sell, buy, and restructure | Sell a company Integrate acquired business | Selling: <ul style="list-style-type: none"> Carve-out company | Reorganizing business: <ul style="list-style-type: none"> Company code merge Controlling area merge Profit center reorganization/merge Cost center merge |
| | Shift areas of responsibility Reorganize organizational structures | | |
| Unify and transform data | Comply with new legal requirements in financials Introduce financial reporting standards | Financials and controlling: <ul style="list-style-type: none"> Chart of accounts conversion Cost center conversion Asset class conversion (CoA) Conversion of asset account determination Controlling area rename Fiscal year conversion Company code rename Profit center conversion | Logistics and operations: <ul style="list-style-type: none"> Customer number conversion Vendor number conversion Material number rename |
| | Increase transparency Optimize business processes Transform and align in logistics and operations | | |
| Consolidate and reduce IT cost | Reduce cost of operations | Client transfer | |
| | Increase agility by reducing landscape complexity | | |

Figure 7: Solving Complex Business Needs with Standardized Transformation Solutions

SPECIFIC BUSINESS SCENARIOS IN FOCUS

Leveraging Selling, Buying, and Restructuring

These scenarios address common business events: mergers and acquisitions, spin-offs, and divestitures, as well as restructuring projects. SAP Landscape Transformation offers an integral approach to realize transformation projects and enables you to be ready for future business opportunities.

Scenario: Selling a Company or Business Unit

Decisions to sell or divest part of the organization are mainly driven by objectives to:

- Focus on core business (divest noncore assets, reduce complexity, and streamline your business)
- Raise cash
- Comply with legal requirements

When selling or divesting a part of your organization, you have to cleanse your company's organizational structures of data elements associated with the divested entity in a way that both maintains transactional integrity and meets legal requirements. Data security, legal compliance, and operational efficiency are critical success factors for changing business transactions. SAP has developed a transformation solution to cover the entire range of requirements arising from a divestiture project.

Scenario: Carving Out a Company or Business Unit via "Clone and Delete"

Your company may want to spin off a subsidiary or business unit or create an independent entity within your group. As a result, your system landscape will need to mirror this structural change, and you may need to carve out the subsidiary's company codes to reflect the new structure. The carve-out transformation scenario enables you to extract selected company codes from your existing systems and transfer them into the spin-off's target environment to form a legally independent company.

The carve-out scenario allows you to accomplish this transformation without interrupting your day-to-day business. SAP Landscape Transformation also helps you maintain compliance with all legal requirements. The software guides you safely through the project via detailed instructions and predefined templates.

In short, using SAP Landscape Transformation for a divestiture or spin-off allows you to take maximum advantage of the following benefits:

- Thorough assessment of IT landscape prior to carve-out
- Evaluation of different carve-out options (project-based solution)
- Best practice and guidance in project evaluation, preparation methodology, and project execution
- Preservation of complete data history for share deals
- Minimum downtime and business interruption

Scenario: Merging Company Codes

You may need to merge company codes to realize the integration requirements deriving from mergers and acquisitions or when you want to adequately reflect changed organizational structures at the system level. By merging company codes, you can support the realignment of corporate structures and help enhance reporting functionalities and transparency of business data.

Merging company codes can also be triggered by:

- Tax and legal requirements
- Objectives to enhance cost efficiency
- Enhancement of the corporate portfolio or its adaptation to changing market needs

SAP Landscape Transformation helps customers to identify and merge all data that is relevant to the affected company codes. Moreover, the software contains road maps and integrated analysis functionality that can help you decide which business objects and organizational units are relevant for the merger (for example, financial and controlling master data, accounting documents, plants, or sales organizations). Before you can execute a transformation project, you will need to check the prerequisites that all company codes to be merged:

- Belong to the same controlling area.
- Use the same local currency, chart of accounts, and fiscal year variant

Scenario: Merging Controlling Areas

Within transformation projects a multitude of complex business requirements have to be mirrored at the system level. This includes, for example, the merging of two controlling areas (see Figure 8) into a new or existing one. If you are planning to consolidate company codes belonging to different controlling areas, you can view a controlling area merge as an important preparatory step for that later consolidation. Additionally, if you have decided to change from decentralized to centralized and unified controlling structures, then a controlling area merge will also be relevant.

A controlling area merge project requires you to consider elements such as cost centers, activity types, cost elements, and charts of accounts. The software analyzes at an early stage whether your system meets all necessary requirements for the upcoming controlling area merge. A prerequisite you need to meet prior to the project is that you align your chart of accounts, fiscal year variants, operating concerns, and profit centers.

The software's standardized functionality for merging controlling areas offers you the possibility of covering all above mentioned requirements and executing them within a single project.

Scenario: Reorganizing Profit Centers

The reorganization of profit centers can be triggered by various external and internal reasons. For example, a changed corporate structure – and therefore a shift of responsibilities – requires companies to precisely adapt their controlling processes and adjust profit centers. Also, internally driven objectives – for example, the simplification of the existing profit center structure, the unification of the overall reporting structures, or a change from a cost center-based to a profit center-based reporting structure – may require reorganization. Whatever the scope, a change to the profit center structure requires you to reassign all

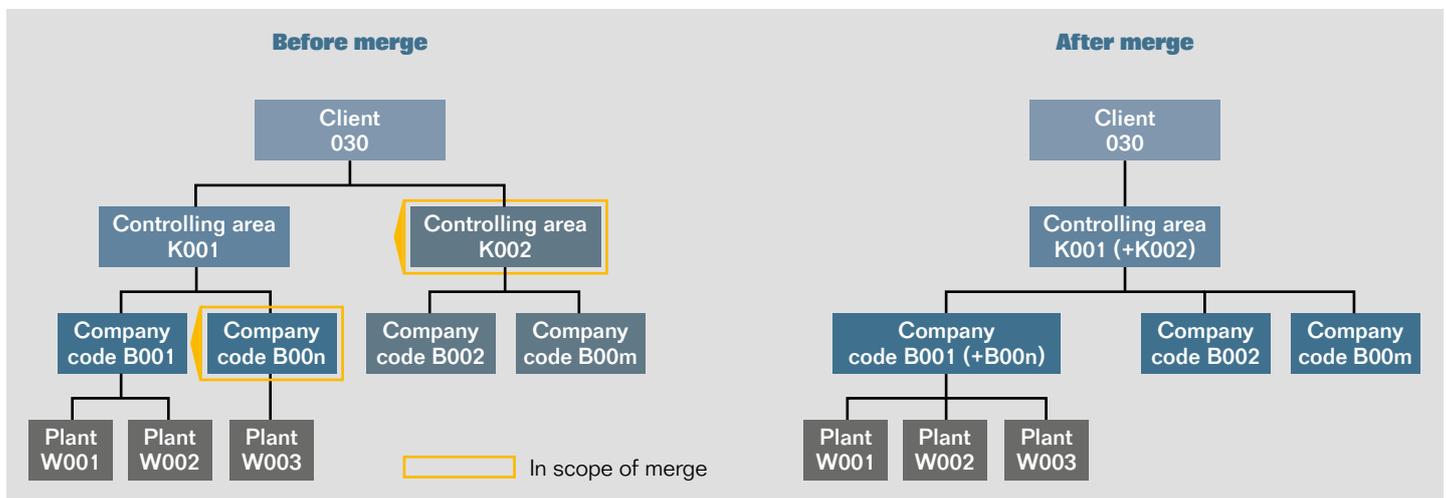


Figure 8: A Typical Company Code/Controlling Area Merge Project

affected objects (such as materials, purchase orders, and sales orders) to the respective profit center. This often entails changing thousands of objects and making corresponding adjustment postings.

Moreover, restructuring profit centers can affect not only the profit center assignments in your general ledger, but also all data that feeds into the general ledger. Companies facing such a reorganization project are often hampered by manual calculations and transfers, multiple transactions, manual reconciliation, and unstructured audit trails.

With SAP Landscape Transformation software customers receive a proven solution for reorganizing profit centers (split, merge, and change), reassigning master and transaction data, and changing the profit center assignment on a key date. The profit center reorganization functionality of the software provides a unique and complete view on your reorganization process as well as a plan that gives you a detailed view of

all reorganization measures. The functionality enables customers to flexibly adapt their organizational structures and also helps to increase data quality for reporting. Reorganizing your profit centers by using SAP Landscape Transformation software yields the following additional benefits:

- Provision of a single point of entry for the entire reorganization
- Process (defining, triggering, monitoring, and reporting)
- Automated calculation and journals
- Full audit trail
- Approach with minimum reconciliation effort

Possible Combinations of Transformation Scenarios

Within the leveraging selling, buying, and restructuring scenario, it is possible to combine the following scenarios and execute them within a single period of downtime:

- Merging company codes
- Merging controlling areas (including profit and cost centers)



“The merger was a 100% success. None of the employees realized that the transformation of their entire business had taken place, and the complete data history was merged into a single controlling area.”

Christian Ø. Kristensen, IS Delivery Manager, Grundfos

Project: Merger of three controlling areas into one

Unifying and Transforming Data

In today's globalized world, businesses must be able to handle multiple languages and comply with state- and country-specific tax regulations, as well as implement corporate templates.

Regional and local disparities have a significant impact on a company's overall business operations. These disparities provide a compelling argument for introducing more widely accepted standards, such as generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRS).

Since high-quality and consistent data forms the basis for running reliable and efficient business processes, many companies today pay close attention to increasing the transparency of their financial processes and envision a company-wide unification approach.

Unifying Financials

Unifying your financial and controlling structures can give you the chance to redefine your existing business setup. Since regionally organized structures may heighten administrative complexity and may result in alignment efforts, establishing a centralized SAP ERP application throughout the enterprise can help streamline your business operations, deliver greater cost efficiency, and speed up IT responsiveness for business users.

The following objectives especially impel companies to initiate transformation projects:

- Achieving accurate reporting and transparency:
 - Gaining more transparency for financial and operational reporting
 - Setting up, changing, and extending accounts structure or organizational structures
- Fulfilling legal requirements by implementing dedicated standards:
 - Adjusting processes and structures to comply with legal requirements
 - Adopting accounting standards
- Simplifying:
 - Closing more quickly, accelerating period-end closing procedures
 - Streamlining accounting processes
- Unifying:
 - Harmonizing accounting structures
 - Implementing corporate requirements
 - Harmonizing as a result of other transformation triggers
- Reducing operating costs

Scenario: Converting Charts of Accounts

SAP Landscape Transformation supports you in introducing standard financial guidelines and helps you to harmonize your chart of accounts.

As part of your efforts to streamline internal processes, you may decide that all legal entities in your group should use the same chart of accounts in the

future. SAP Landscape Transformation software helps you to replace local or regional charts of accounts with a new, single, and unified chart of accounts.

Prior to the project, using the software's financials and controlling analysis functionality helps to establish an overall project path that complies with the company's future accounting standards. The analysis functionality in SAP Landscape Transformation helps you assess the feasibility and scope of your planned chart of accounts conversion and set up your transformation project appropriately.

In the following conversion phases, you can opt to either rename or merge your accounts and cost elements. Using a detailed, predefined methodology, the software guides you safely through all steps of the conversion process. Since data quality is critical to the success of a unification project, it is essential to meet all organizational and operational requirements and optimally support the new business processes.

To summarize, the benefits you achieve by using SAP Landscape Transformation to unify and harmonize your financial structures include:

- Preservation of assets (processes, data, and systems)
- Transparency of your business processes
- Efficient execution of accounting and period-closing procedures

- Fulfillment of legal and corporate requirements
- Safeguarding of your historical data

Scenario: Renaming Company Codes and Controlling Areas

A rename of controlling areas can be required within a scenario focusing on merging clients or controlling areas. This might necessitate the adaptation of the existing company code keys.

Another use case is the planned introduction of a centralized naming convention for all controlling areas within a corporation.

Renaming existing company codes can occur throughout an acquisition or due to a restructuring initiative within a corporation aiming at unifying all enterprise data. One of the essential business requirements that needs to be assured is full data consistency across all SAP components.

Scenario: Fiscal Year Conversion

Your enterprise may want to adapt its fiscal year for a number of reasons: as a result of tax and legal requirements, data harmonization initiatives, or a merger or acquisition. A merger or acquisition may have required your company to introduce a shortened fiscal year. As a result, the fiscal year defined in your SAP system may precede the actual calendar year and may interfere with

company-wide business activities and cross-company code processes. SAP Landscape Transformation helps you adapt the fiscal year, at the same time eliminating discrepancies across all SAP software components. The software executes the conversion for all company codes belonging to a single fiscal year variant.

Scenario: Asset Class Conversion

You may want to conduct the conversion of asset classes following a chart of accounts conversion. Alternatively, you may want to convert asset classes because your enterprise is implementing IFRS guidelines and, as a result, needs to align and standardize existing conventions and IDs. This might result, for example, in the merger of asset classes with same characteristic values and different IDs.

SAP Landscape Transformation software lets you change the numbers of asset classes (a 1:1 conversion) and merge asset classes (renaming several asset classes with the same number). Moreover, the software enables you to change the text descriptions of asset classes during a conversion. Since asset classes are client dependent, changes can only be realized to all company codes belonging to the same client.

“In order to successfully complete a migration securely in such a short time, a comprehensive range of data migration tools and methodologies was required. The System Landscape Optimization group had everything we needed.”

Eiichi Tanaka, General Manager for Planning and Development, IS division, FamilyMart Co. Ltd.

Scenario: Conversion of Asset Account Determination

The conversion of the account determination for financial assets often occurs in correlation with converting chart of accounts, especially if you need to meet new requirements regarding account determination or the assignment of general ledger accounts to fixed asset accounts. SAP Landscape Transformation enables you to rename account determination in a 1:1 relation, merge account determination in an n:1 relation, and modify text descriptions.

Scenario: Conversion of Profit Centers and Cost Centers

SAP Landscape Transformation software can also support you in preserving the flexibility of your finance and controlling processes via the simplification and standardization of existing profit and cost center structures. Moreover, the software enables you to apply changes to particular controlling structures, adapt the description of profit and cost centers, or realize a corporate naming convention initiative.

Within the above-mentioned scenarios, SAP Landscape Transformation helps to ensure data consistency across all applications. The adaptation contains all transaction, master, and customizing data. Moreover, the software can support you in changing profit centers and cost centers in single controlling areas differently, as well as in defining their descriptions (texts) at the same time.

Unifying Logistics and Sales

Having solid and reliable data is a crucial factor in handling your daily business processes. For example, to handle complex and cross-application processes such as demand and production planning, order processing, and sales activities, your enterprise depends on transparent and valid data for customers, supplier, inventory, and sales figures. However, activities such as migrating data from different source systems can result in redundant entries for customers and suppliers. SAP Landscape Transformation software can address these issues. By increasing system-wide transparency, you can make data access and handling easier.

Scenario: Adjusting Customer, Vendor, and Material Numbers

Better data management can facilitate global processes with suppliers and customers and enhance internal reporting. The introduction of new criteria or categorizations (for example, regarding countries or hierarchies) can help to speed up this process. Purging the database can be seen as a preparatory step for introducing additional solutions, such as the SAP Customer Relationship Management application and the SAP NetWeaver® Master Data Management component. SAP Landscape Transformation software can adapt customer and supplier numbers and eliminate double entries according to customer-specific requirements.

Another trigger for data transformation can be a focus on new business activities and the extension of product portfolios. Such an initiative may result in the complete redesign of your existing materials management structures. Practically, this may require you to increase the number of characters you use to uniquely identify products, say from six to eight. The SAP Landscape Transformation software offers predefined scenarios for realizing various transformation requirements and supports the adjustment of customer, supplier, and material numbers at the system level (see Figure 9 for a typical number conversion scenario).

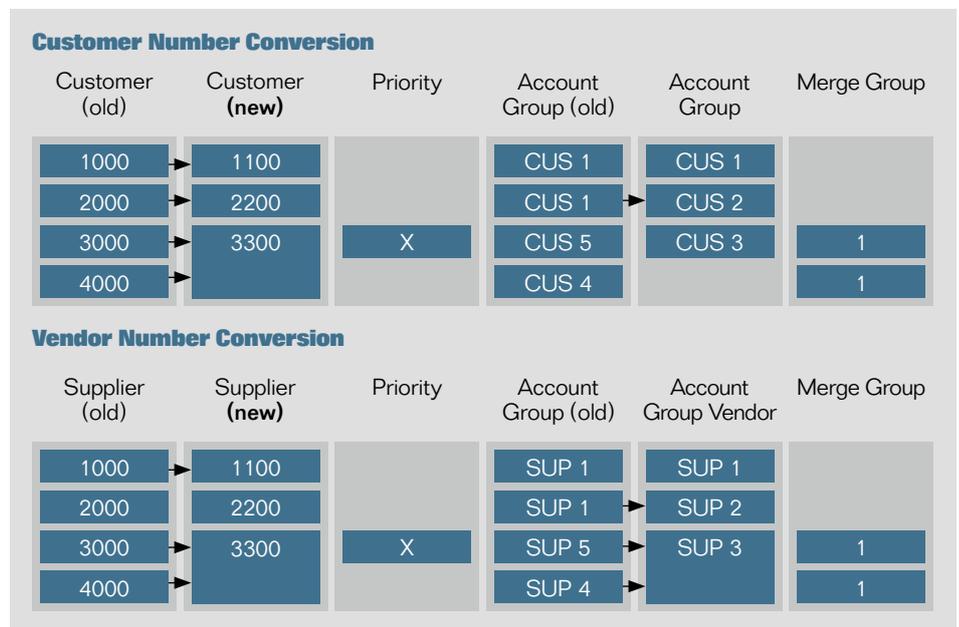


Figure 9: Typical Scenario for Converting Vendor and Customer Numbers

SAP Landscape Transformation provides the following specific technical solutions:

- Conversion of the numbers in master and transaction data as well as in customer-specific tables
- Renaming customer, supplier, and material numbers (1:1 relation) or merging customer and supplier numbers (n:1 relation)
- Shifting of numbers from one number range to another according to a predefined rule
- Combination of predefined rules and individual assignment guidelines

With the software, you can also combine different transformation scenarios, such as:

- Conversion of charts of accounts, cost centers, asset classes, and account determination
- Renaming of company codes and controlling areas together with the conversion of cost centers or profit centers

Consolidating Systems and Reducing IT Costs

Many international companies operate a widely distributed system landscape with data centers spread out across the world. This often leads to disparate systems that boost operating expense and maintenance efforts. Hence, the need to rationalize the capabilities of strategic data centers is a top concern for corporations. Moreover, a lean and clean data system is essential for transparent data management and is a prerequisite for quick and sustainable business decisions.

System consolidation can be a first step in designing a more rational, efficient, and resilient IT infrastructure that can support the targeted business model. For example, establishing a single-system instance with standardized processes, add-ons, programs, and business data can significantly reduce system complexity. In addition, this centralization can significantly lower the overall cost and reduce the effort required for maintenance and administrative work.

A centralized IT environment with independent clients can facilitate data management and global reporting. It can also make your company's financial and sales data readily available throughout the enterprise and support the establishment of standardized, uniform business processes and procedures.

SAP Landscape Transformation can support you in your efforts to build up a centralized SAP ERP application, which lowers your efforts for system maintenance and upgrades. You can not only reduce the number of systems and interfaces, but you can also remove data redundancies and improve the quality of your business data.

Consolidating Systems via Client Transfer

System consolidation projects are typically triggered by objectives to:

- Lower IT costs, including operating, infrastructure, and energy costs
- Reduce administrative overhead
- Reduce IT complexity by decreasing



“The System Landscape Optimization group of SAP Consulting offered the expertise and experience required to get the job done – and in the defined time frame too. For us, it was crucial to keep downtime to an absolute minimum.”

Verena Holz, Project Manager,
HOCHTIEF Aktiengesellschaft

Project: Consolidation of the IT environment by transferring individual clients to a central system

- the number of system interfaces and redundancies
- Harmonize systems to better support business and to increase the efficiency of the shared service center
- Enable better business agility

By applying the client-transfer approach (see Figure 10), you can design and build an IT infrastructure that can better support the business needs critical to your organization's continued success.

In an SAP system environment, a client transfer supports the centralization of data from multiple source systems into one single target system with multiple stand-alone clients. This approach can be seen as a quick-win solution, since it requires no process harmonization. By bundling your data center resources into one location, you can enhance your business performance and at the same time cut operating costs and reduce the communication efforts for your IT staff. System administration becomes significantly easier because there is only a single, centralized system landscape to support. Moreover, the new environment facilitates future implementations and upgrades.

The benefits when you use SAP Landscape Transformation for system consolidation and harmonization projects include:

- Software-based, in-depth system assessment and comparison
- Identification of the most suitable consolidation approach
- Use of best practices and guidance in project evaluation, preparation methodology, and project execution

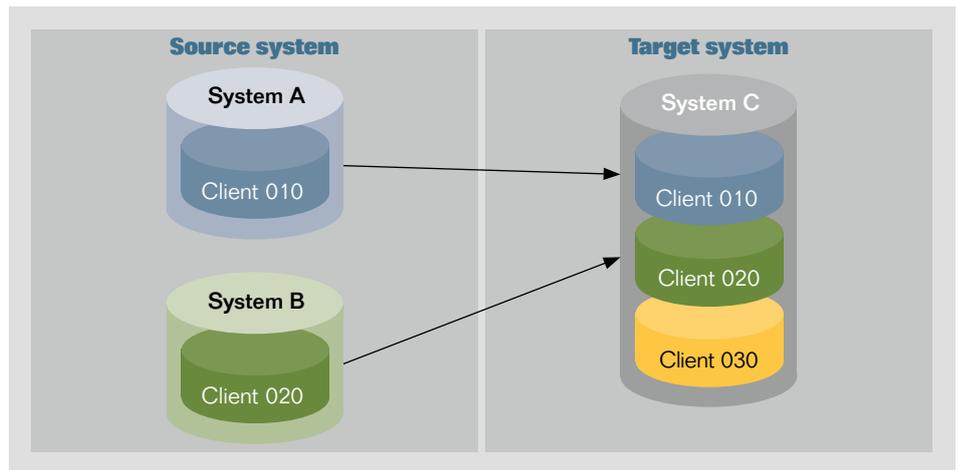


Figure 10: A Typical Client Transfer Scenario

- Possibility to transfer all data – including data history – to the existing target system
- Minimum system downtime and business interruption

Using SAP Landscape Transformation Software

SAP Landscape Transformation is a licensed SAP product and is installed as part of SAP Solution Manager.

To help you meet your security standards for remote access, an authorization concept with predefined roles enables you to clearly assign different team members and restrict the use of certain software functionality.

You can find further details for the installation and configuration of SAP® Landscape Transformation software in the following sources, which are available in the media library at

www.service.sap.com/sapit:

- SAP Landscape Transformation Master Guide
- SAP Landscape Transformation Security Guide
- Ramp-up knowledge transfer material

You can download the software, as well as relevant add-ons and support packages, via the SAP Software Download Center at

www.service.sap.com/swdc.

The SAP Landscape Transformation Work Center

You can access the SAP Landscape Transformation work center (transaction: LTS) in SAP Solution Manager (see Figure 11). The work center provides a central place to control all relevant software functionality.

The work center for SAP Landscape Transformation contains the following sections:

■ Overview

Quick access to your transformation projects, including analysis, test results, documentation, and road maps

■ Portfolio

All transformation solutions, structured by typical transformation requirements

(you can flexibly compose all relevant transformation requirements for an SAP transformation project)

■ Project templates

Detailed scope description of a transformation project including the necessary transformation solutions from the portfolio (you can use templates for more than one project)

■ Projects

All project activities for the technical execution to be managed centrally

■ Project status

Quick overview of running projects, enabling direct access to a project's execution plan

■ System landscapes

System landscape definition for use in one or more transformation projects

Complementary SAP services provide support and consulting along the entire project lifecycle – from strategic consulting to analysis support and optimization services during the realization phase up to the conversion of the productive system.



Figure 11: The SAP® Landscape Transformation Work Center

SAP Landscape Transformation Partner Project License

The partner project license – based on SAP Landscape Transformation software – enables SAP partners to cover standard transformation capabilities and extend their existing service portfolio.

Demand for information technology services expanded in terms of scope and sophistication. Accordingly, IT companies tend to focus on core specialization and form partnerships with other IT companies to establish complementary service offerings. Especially for small and midsize IT companies, these partnerships are crucial to overcome their resource constraints and to stay in competition.

SAP partners can now broaden their service portfolio by using SAP Landscape Transformation software. This offer provides better value to customers who do not intend to buy a perpetual license agreement. The offer also enables partners to focus on their service expertise without having to invest in project-specific, individually customized transformation solutions.

For more information about partner licensing for the SAP Landscape Transformation projects, please visit us at www.service.sap.com/sapit-partner.

Germany-based SAP partner Consinto GmbH is an example of partner commitment in ensuring customer satisfaction. The company led the first partner-driven company carve-out project. Consinto GmbH was not only interested in establishing a quality partnership but also wanted to invest in a long-term partner collaboration. The pilot project – realized with the first release of SAP Landscape Transformation – handled all project-relevant requests with coaching help from SAP experts.

COMPLEMENTARY SERVICES FROM THE SYSTEM LANDSCAPE OPTIMIZATION GROUP

Overview on Available Services

To complement SAP Landscape Transformation software, the [System Landscape Optimization group](#) of experts from SAP also offers a variety of services. These services include support and consulting throughout the entire project lifecycle – from strategic consulting to analysis support to optimization services during the realization phase up to the production conversion (see Figure 11 for an overview of services). In addition, to help you gain in-depth knowledge about different transformation scenarios, you can book, upon request, training offerings specific to SAP Landscape Transformation.

Thanks to this flexible approach offered by these services, companies can put together the most appropriate service package to meet their individual trans-

formation project needs. For example, the services can help companies to:

- Identify the best transformation scenario to match the company's business strategy
- Accelerate the project's progress regarding preparation, project planning, and technical feasibility assessment
- Incorporate company-specific requirements
- Meet transformation needs not yet covered by SAP Landscape Transformation software
- Gain in-depth knowledge on scenarios supported by SAP Landscape Transformation via training services from the System Landscape Optimization group
- Learn how to manage all phases of specific transformation scenarios and better support tasks related to project phases

“SAP services like those delivered by the System Landscape Optimization group help us protect our SAP software investment as business circumstances change.”

Edgar Parra, Corporate Application Manager, Empresas Polar S.A.

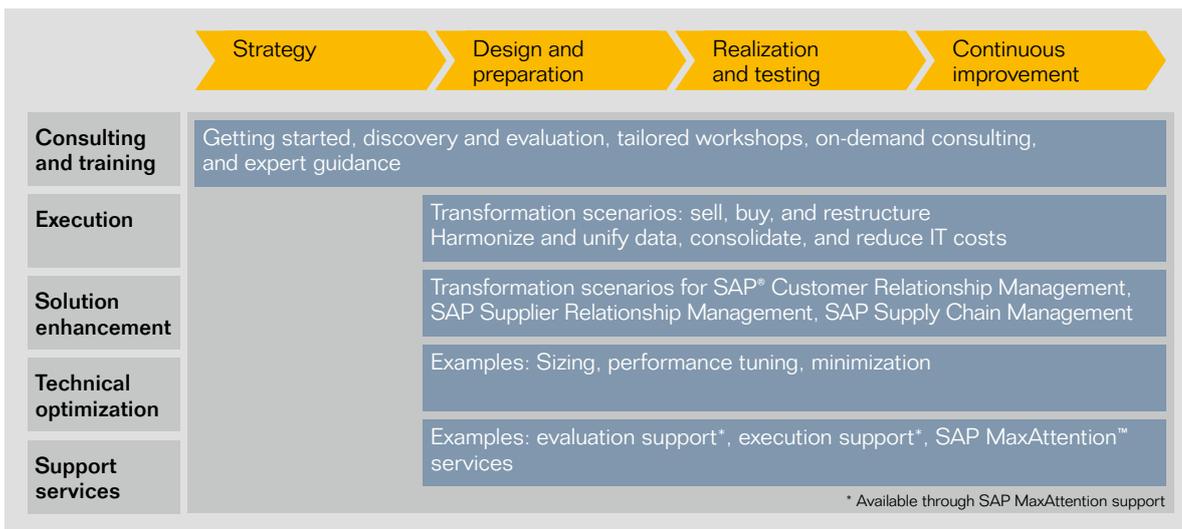


Figure 12: Overview of Complementary SAP® Services

Incorporating the SAP knowledge and expertise that comes from more than 10,000 successful transformation projects over two decades, standard SAP Landscape Transformation software can help reduce total cost of operations, ensure data quality, and achieve data consistency. Proven methodologies, support for best practices, and standardized technologies secure your envisioned transformation scenario.

Supporting IT Transformation Strategy and Project Preparation

Many companies struggle to translate business-driven transformation requirements into an IT program. Often such a process is impaired because the information on existing solutions, methodologies, project blueprints, and so forth is just missing. At this stage, SAP transformation experts can assist you by drawing up transformation plans that provide the best and fastest solutions, which are based on your unique requirements. In the initial project phase, SAP experts use their in-depth knowledge to help your company manage specific challenges like the combining of existing solution components; the assessment of project costs, duration, and risk; and the coordination of simultaneously running projects.

Start Quickly, Gain Knowledge, Learn to Manage Transformation

SAP offers training and consulting packages that can be flexibly composed to suit your project-specific requirements. Companies may face a transformation project but struggle to set it up, and seek to build up or extend their knowledge on specific project tasks. To help with this, SAP Landscape Transformation software offers comprehensive information about scenario-based transformation projects. The software also includes detailed

documentation for handling the product. In addition, the software includes an online knowledge product (OKP) that consists of numerous presentations and audio recordings. Additional training and consulting can complement the project team's activities and enable it to get started quickly with the transformation project. The services may include:

- Supporting transformation project planning
- Participating in scoping workshops and proof-of-concept and design phases
- Providing instructions for evaluating the results of analysis functions in SAP Landscape Transformation
- Planning and optimizing transformation project test cycles

Focus on Core Business While Experts Execute Transformation

The System Landscape Optimization group offers numerous services – spanning all SAP Business Suite applications – to cover the complete range of transformation scenarios. This particularly suits companies that do not plan on realizing several transformation projects within a certain time frame and therefore do not plan on building up in-house knowledge about SAP Landscape Transformation software. The System Landscape Optimization group's services

are specifically tailored to meet your individual requirements during analysis, design, realization, and going live. By offering expert guidance and accompanying the complete execution process from start to finish, SAP gives you and your functional departments the advantage of being able to fully concentrate on core business issues.

Enhancing Standard Capabilities for Customer-Specific Projects

SAP Landscape Transformation software is designed to address certain business scenarios. If you plan to realize an IFRS-related scenario, you might be forced to extend your transformation requirements to include aspects of controlling and assets. You can realize the main focus of your transformation project via SAP Landscape Transformation software (for example, using its chart of accounts conversion functionality). However, additional project requirements such as installing certain financial controlling templates, as well as adapting your business warehouse solution, may need to be addressed via customer-specific consulting projects. During such a consulting project, you will need to touch on the following areas:

- Additional transformation needs, such as merging existing systems and clients, or realize changes to product hierarchies

- Adapting different SAP solutions such as the SAP NetWeaver Business Warehouse component or the SAP Customer Relationship Management or SAP Supply Chain Management applications

Special Conditions Call for Special Technical Solutions

When you plan a transformation project, you are often confronted with technical challenges such as performance or system downtime issues. If your company looks for support in such areas, it can use SAP services for hardware sizing and performance tuning. The minimized downtime service enables you to reduce the system downtime in a significant way via online data processing.

Take Advantage of Service and Support for Standard SAP Products

In addition to SAP standard service and support, there are currently two support services offered exclusively to customers of SAP MaxAttention™ services. The services are delivered by the System Landscape Optimization group and are based on a valid SAP Landscape Transformation license:

- **Evaluation service**

This service helps you determine the feasibility of a transformation project by assessing the as-is situation. Experienced

consultants discuss with you transformation and harmonization requirements and outline the best solution for the planned transition, including timeline, costs, and technical execution details.

- **Execution support service**

This service provides a highly standardized and flexible solution approach to efficiently execute the technical realization of business-driven change or harmonization requirements in SAP software environments. When you execute a transformation project using the SAP Landscape Transformation software, you receive step-by-step guidance. You can also apply further standardized services from the System Landscape Optimization group that can be tailored to your specific transformation needs. Moreover, the in-house knowledge you gain about landscape transformation-related requirements can help you to execute technical transformations independently in the future. A prerequisite for this offering is the delivery of the evaluation service.

Find Out More

For more information on complementary services, please also refer to www.service.sap.com/sapit or contact slo.consulting@sap.com.

Summary

SAP® Landscape Transformation software helps accelerate business and IT transformation and turn complex business requirements into a highly standardized set of transformation solutions. The software lets you better plan, analyze, sequence, and realize your transformation project within common business scenarios such as mergers and acquisitions, divestitures, internal reorganizations, and projects to harmonize existing business processes. Complementary SAP services of the System Landscape Optimization group provide additional support and consulting throughout the entire project lifecycle, from strategic consulting to the realization of transformation projects.

Business Challenges

- Manage mergers and acquisitions, carve-out projects, and internal reorganizations, and align IT with business goals
- Adapt organizational structures to recurring business transformation challenges, updating and optimizing processes supported by a solid and reliable IT foundation
- Reduce total cost of operations through system consolidation and data centralization

Key Features

- **Guided project execution** – Use scenario-based project road maps and integrated knowledgeware
- **Empowerment** – Enable companies to build their own transformation capability, realize changes via in-house resources, and monitor system landscapes
- **Analysis platform** – Assess project scope and technical feasibility, and determine the most suitable transformation approach
- **Consistent data transfer** – Enable consistent transfer across all SAP solutions, taking into account complete data history
- **Continuous testing cycles** – Help ensure all data is changed correctly
- **Unicode conversion during single downtime** – Exploit ability to incorporate a Unicode conversion or an upgrade during a single downtime period

Business Benefits

- **System integration and data consistency** via preconfigured and structured execution steps
- **Reduced project duration** thanks to minimal downtime approach
- **System landscape monitoring and change implementation** via control processes
- **Cost-efficient realization of transformation projects** through proven SAP conversion and migration technologies

For More Information

Call your SAP representative, or visit us online at www.service.sap.com/sapit.

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