



TIME TO CHANGE

NEW THOUGHTS ON SUPPORTING
BUSINESS CHANGE FAST AND FLEXIBLY

Organizations need to create new processes, products, and services faster than the competition – but not by putting their mission-critical procedures and management capabilities at stake. They must assess and manage risk across their existing and new extended business network. Winning teams cultivate relationships by improving communication and collaboration with suppliers, customers, and other partners and moving from adversarial, low-collaboration models to cooperative, mutually beneficial arrangements.



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EXECUTIVE SUMMARY

NEW TECHNOLOGY CHANGES THE GAME

In difficult economic times, facing unprecedented pressure to cut costs, companies need to adopt new technologies to accelerate processes and help managers win with greater flexibility and new methods. To succeed in ever-changing market conditions, enterprises must manage and navigate an information network of business partners. They have long focused IT efforts on automating internal processes to save money. Now they need to rethink how technology can support and transform the way decisions are made and business is conducted within and across their boundaries.

Companies need to move from capital-heavy investments to fast-turnaround projects. Best-run businesses build strategic advantage with rapid, value-oriented, compact projects. Technology and its use continue to advance regardless of market conditions. Consequently, there are new challenges stretching the resources of the traditional IT department. Specialization of all players in complex business networks and new technologies require support for “front-office” activities, integrated with back-office execution, that puts additional and unique pressures on IT. All of these factors together call for an overall change in how solutions are deployed and what it takes to do so.

Winning companies focus on key business processes and take a new approach to how solutions can be built, changed, and deployed – while maintaining the integrity of crucial enterprise processes. The latest releases of SAP®

Business Suite applications and SAP BusinessObjects™ solutions, along with the SAP and Capgemini approach, give managers insight into their business and the tools to take action and innovate their business – without disrupting ongoing operations. Thus, enterprises can enjoy best-of-breed front-office processes without compromising business integrity and without the costs and maintenance of best-of-breed integration points. This changing emphasis – from classic IT automation to support for new demands – calls for a greater need to understand underlying business issues and how to choose and implement solutions.

This joint paper from SAP and Capgemini discusses the challenges of the interconnected economy and describes solutions that enable companies to use technology to innovate the way they do business.

TECHNOLOGY ACCELERATES BUSINESS

MAKING TIME YOUR FRIEND

Economic turbulence and change disrupt customary business practices. In the era of globalization, companies face not only more competitors but also new kinds of competitors who may play by different rules and come from different business and social backgrounds. Without any market share to defend, new players have little to lose and much to gain – at the expense of current leaders. Market leaders earn and keep their positions by understanding business opportunities, forming clear strategies to capture opportunities, using technology to drive business goals, and having the organizational discipline to execute quickly and decisively.

Some see new technology models as dangerous. Others see opportunities to enable the enterprise by safely adopting new technology and business practices. To succeed now and prepare for the future, companies must innovate and learn how to add value – and move faster than the competition. At the same time, companies need to increase efficiency and support for mission-critical procedures and processes, and they must manage risk across the extended business network and enable business users to make sound decisions fast. Doing this requires both software solutions and techniques that are delivered together in a different manner of engagement. Solutions and techniques must be delivered to various business managers in a large number of small projects – ideally supported by predefined packages designed for fast deployment and rapid ROI. This is very different from a classic large-scale IT implementation.

To survive now and succeed in the future, organizations need to create new processes, products, and services faster than the competition – but not by putting their mission-critical procedures and management capabilities at stake. Enterprises must assess and manage risk across their existing and new extended business network. They need to supply accurate information and cultivate the ability for people across the enterprise to make sound business decisions fast, based on the best available insight. Winning teams cultivate relationships by improving communication and collaboration with suppliers, customers, and other partners and moving from adversarial, low-collaboration models to cooperative, mutually beneficial arrangements.

What is called for are new, software-supported business processes built around managing front-office, value-creating activities. Companies need more than just the technology, however. They need the tools and techniques to capture business needs and deploy in a matter of weeks – not months. Companies need next-generation business software designed to help build cooperative relationships with business partners, manage risk, and increase revenues while juggling the sometimes conflicting needs of stakeholders inside and outside the organization. This is a new game, with new rules, new requirements, and new methods to deliver quickly and at low cost. To win the race, companies need technology that enables the enterprise to:

- Adapt and thrive in a business environment characterized by change and speed
- Cut costs without having an adverse impact on business capabilities
- Increase sales and add new offerings, channels, partners, and markets
- Provide freedom and flexibility to business users across the enterprise
- Manage local and global compliance without restricting creativity and innovation
- Leverage existing technology for higher ROI and lower total cost of ownership (TCO)

New, iteratively driven solutions do not allow for classic requirement-gathering definition phases, so it is important to know what issues could be involved before starting work on any particular requirement. In the following pages, we will discuss these issues, the drivers related to new technologies, and their impact on business processes and innovation.

Winning companies focus on key business processes and take a new approach to how solutions can be built, changed, and deployed – while maintaining the integrity of crucial enterprise processes.

CHALLENGES OF AN INTERCONNECTED ECONOMY

THINKING AND ACTING DIFFERENTLY

New technology continues to morph and warp the field of play, both inside the enterprise and externally with customers, suppliers, and markets. The introduction of a completely new generation of technology has been underway for some time now, from the Internet to Web 2.0 and to what are known as “cloud services” and “Web computing.” Service-oriented architecture (SOA) technology offers a powerful new paradigm of modular consumption of business functions and the composition of new business processes focused on the business users across the enterprise.

What these new technologies have in common is that they are not built from the ground up as traditional, monolithic applications. They are built quickly and flexibly along specific process requirements and reuse proven enterprise services that safeguard process integrity in spite of rapidly composed, continuously changing business processes. This gives companies the flexibility they need to build solutions to suit their specific business needs – and their budgets. To deal successfully with the always-evolving complexities of the distributed enterprise, companies must inevitably embrace the use of services-driven applications as the key to the functionality collectively known as business technology.

“Business technology,” which includes cloud computing, or grid technology, refers to open source, standardized, networked services that reach across network, organizational, and geographic boundaries. Built on the SOA model, applications created using services are fast to build, powerful, and relatively inexpensive, and they can be reused and shared within the organization – and outside it as well. Business technology has tremendous power to facilitate innovation and connect and support disparate groups of people, data, and processes. But the emergence of business technology has created a tension between the divergent goals and methodologies of these new technologies and traditional IT. The services-enabled SAP Business Suite software provides the foundation for rapid business process innovation without compromising business integrity.

Historical Perspective

Important similarities can be seen between the changes taking place in technology today and the shift in the 1990s from mainframes and dedicated applications used for data processing to a new generation of technology based on networked personal computers. This technology became known as “information technology.” From boardrooms to front offices, some resisted this new way of thinking about technol-

ogy and how to use it to do business. Some saw the new technology as a threat to the status quo, while others doubted the value and practicality of leaving mainframes behind.

Resisted or embraced, the revolution came, and forward-looking companies moved immediately to understand and address the changes, opportunities, risks, and costs involved. The recession of the early 1990s proved to be the impetus to change. New and more-effective working practices became essential, and adopting new technology gave a competitive advantage. But as these changes brought user-driven flexibility and effectiveness, they also brought significant data control and management challenges. The adoption of the client-server technology model, the engine of the IT era, allowed greater freedom in the distribution of activities, by making it easier to match individuals and expertise to the required processes. By their very nature, traditional IT applications can produce fundamental divisions among business processes, by focusing on transactions to produce data. Business technology applications can help fill the gaps of functionality and capabilities in traditional IT.

It is impossible to imagine – and difficult to remember – what our world would be like without the flexibility and

ubiquity of personal computing. However, the freedom of computing included forfeiting the central dominion of the central IT department over the company's data. Departmental and local data silos emerged, and a centrally orchestrated governance of corporate data was lost.

Data Across the Enterprise – Software as a Service

Enterprise resource planning (ERP) applications provide a base to ensure that data is coherent in its use across the enterprise. In the new technology and business era, companies need advanced software to make sure that the addition of the new layer of software and functionality – business technology – is safely integrated into the existing IT enterprise systems. Software as a service (SaaS) helps managers integrate business technology, adopt new practices, and enable inno-

vative business processes without adding IT complexity in the short run. SaaS is a valid alternative to on-premises deployment of business processes, and it is recommended that companies take a look at the full life cycle of the solution, including efforts of process and system integration and questions about dominion over corporate data and business processes. SaaS is particularly attractive for managing commodity and fringe processes and trying new practices, while differentiating core processes will continue to be deployed in on-premises scenarios.

Transforming Data into Business Insights

“A man with a watch confidently knows what time it is. A man with two watches is never certain.” (Unknown)

Making sense of the business world poses many challenges, with data and

processes spanning disparate databases and disconnected sources. The struggle to create and maintain a single version of the truth based on a company's data would make Sisyphus despair. Entering new markets and expanding the service or product line means adding and altering processes, studying new metrics – and processing massive amounts of transactional data. Mergers and acquisitions may bring in expensive and difficult-to-maintain legacy systems, out-of-date software, and a hodgepodge of data sources.

Business technology makes even larger amounts of data accessible to business users across the enterprise. Not only do business users continuously access information throughout the enterprise – individual users also introduce increasing amounts of new information and data sources in the organization's network. The processes and data referred to as business technology have great potential to enable creative business managers to innovate new products and services and find new ways to increase revenues, grow the business, and expand markets. No forward-looking company can afford to ignore the great potential of these technologies.

There is a critical conflict between the potential value of the extra data that business technology allows users to

In difficult economic times, businesses need technology to enable them to move quickly, save money, be more agile, and take advantage of opportunities. Winning companies will reduce IT costs, standardize business processes, gain better insight, and employ more-flexible processes – reflecting more-flexible thinking.

access and the need for strict controls to determine exactly what data must be safeguarded as core enterprise data. To address this conflict, companies must ensure that business technology is both separated from – and safely connected to – information technology.

Enterprises need software to separate structured data that is carefully produced and maintained in ERP and allied applications from unstructured data such as instant messaging, collaboration tools, Web pages, e-mails, word processing documents, graphics, and spreadsheets. To manage this balance, enterprises need new solutions and techniques instead of traditional business intelligence applications based on internal reporting.

Along with the increase in the amount of business data is the inevitable increase in the costs of storing and archiving enterprise data. There is also the reality that it is extremely difficult to define which data is old enough to be stored in a cheaper but less-accessible fashion. Without access to historical data when required, business managers find it hard to make decisions that are based on experiences and findings from the past. This problem is further aggravated by the typical short tenure of managers in their positions along their career paths. An aging workforce that takes experience worth billions into retirement also depletes the corporate knowledge base.

Today companies need to rethink how technology can support and transform the way decisions are made and the way business is conducted within and across boundaries.

Empowering All Business Users with Actionable Insights

Simply put, business managers and executives normally do not think in terms of structured processes supported by ERP applications and documented business procedures. Their role is to analyze facts, assess conflicting data, and make decisions while accepting risks caused by incomplete information. To this end they need software solutions with functionality that can operate outside the realm of traditional IT.

Executives and managers need solutions that enable them to change processes on the fly, adapt business models to new markets and situations, and take advantage of opportunities with speed and confidence. They need

to escape constraints imposed by IT-supported business processes that have been created for efficiency and repeatability. They need whatever tools they can get, to help increase revenues and add value to the business through innovative thinking.

Enabling Finance Executives to Manage Risk and Compliance

The chief financial officer (CFO), responsible for financial and regulatory compliance and enterprise liquidity, needs software solutions to manage fundamental financial processes such as accounts payable and financial close. CFOs must provide governance as well as financial risk and compliance insights to lines of business to optimize working capital. Finance and compliance executives need functionality that provides thorough compliance oversight, especially in light of increased government scrutiny and a proliferation of regulatory boards and regulations. They need the ability to capture more data to increase insight into and control over risk management and to mine through mountains of data for intelligence to assess and guard against not only current but also future risk.

But this cannot be at the expense of preventing business managers from having the freedom to do what needs to be done. Business managers at times need to work without the constraints of the enterprise resource plan-

ning solutions. They need to operate with creativity, and they need functionality that allows them to do this within the organization's guidelines. All enterprises want to balance the needs of local offices established to meet local market requirements with the needs of the overall enterprise. Local optimization of events must be linked to the larger organization's enterprise management activities.

IT – A Strategic Partner for Business Process Transformation

The chief information officer (CIO) and the IT department need to deliver new functionality to add value and to keep older applications and legacy systems up and running – while improving efficiency and cutting costs. These are extremely trying responsibilities even in a strong economy characterized by growth and expansion. In difficult economic conditions, the pressure on IT only increases, with more calls for downsizing, cost cutting, and project rationalization. IT is chartered with ensuring 24x7 availability and reliability of mission-critical and business-supporting processes enabled by enterprise software. Without IT, business simply does not get done.

But this is not all that is expected of IT today. The roles of the IT department and the overall organization are inextricably linked, and IT departments continue to take a more strategic role in



the enterprise. It has become increasingly clear that companies depend on IT not only for transactional and support processes vital to the enterprise, but also to create value. IT departments deliver new functionality to add value and help the business expand while maintaining existing applications that provide the backbone of support to the enterprise. Especially in the current environment, IT must be creative in working with diminished budgets and increased pressure to improve efficiency and reduce costs. At the same time, IT must help facilitate planning for the future and enable business innovation by delivering new functionality to the lines of business.

Companies depend on IT for transactional and support processes vital to the enterprise; they also look to IT to create value and make a more strategic contribution to the business. IT can help facilitate planning for the future while staying afloat in a chaotic present. The most advanced IT organizations are equipped to approach applications, processes, and data from the perspective of business technology and are prepared to strategically assess the opportunities and risks involved.

EMBRACING NEW TECHNOLOGY TO POWER THE BUSINESS

INNOVATION AND COLLABORATION

Businesses are well aware of the increasing technological literacy of consumers and the effect this has on everything from product development to entering new markets. Consumers wield great and growing power to understand – and directly affect – the marketplace. This trend is reflected within the corporate world itself as well. Individual business users within the enterprise have increased technological savvy, contributing wide-scale changes in how business-to-business activities are conducted.

Akin to the transformation from mainframes to networked personal computers is the shift from client-server models to an SOA business technology model. The next generation of Web apps – Web 2.0 hybrid applications – and cloud computing functionality comprise shared personal, business, and technology services.

Built on the SOA model, business technology applications are inexpensive, sophisticated, flexible, and fast to put together. Services are shared, collaborative business applications that are created, maintained, and of course used by those who need such information. These services are open source, available for anyone to use and change to suit his or her purposes. Business technology services and applications are loosely coupled, meaning they can be easily combined and recombined as new business models and processes are created. The services are modular and repetitive, so they can be reused, shared, and modified, for great efficiency and ROI.

Shift from Inflexible Models to Adaptive SOA

The shift to services is a fundamental change point created by a new set of conditions, including the wide availability of key technology elements, adoption of standards, improvements in telecommunications – and, not least, people's expectations and capabilities. The Internet provided connectivity, the Web provided shared standards, and cheap, available technology fueled the fire. Together these factors comprise a technology shift from the previous internal business use for automating commercial transactions into ubiquitous, open use of technology in every aspect of business and social life.

The time and cost to deliver services is low, and so services support the ability to rapidly – and frequently – try out new, innovative ideas. This is particularly important in areas directly affecting operational success, such as sales, supply chain, and other external-facing activities. SOA functionality plays a key role in acting as an enabling layer connecting the services of business technology with the existing client-server applications of IT.

Capturing the Power of Web 2.0 to Deliver Value

Commonly called “mashups,” hybrid Web applications bring together various elements from across the Web and combine data from multiple sources into a single application. Mashups are often associated with personal use without regard to procedures, compli-

ance, and security. However, Web applications referred to as “enterprise mashups” take the model a step further and offer unique, powerful, and continuously evolving functionality. Enterprise mashups are well defined and controlled and combine the creativity, wide availability, and services-driven architecture of mashups with strong standards for security, policy, and compliance.

Whether called mashups or Web applications, this technology is increasingly being adopted by business users, much as with spreadsheets and other applications using unstructured data in the 1990s. Enterprise attention is required both for governance and for the cost and time savings that using mashup technology can bring.

As innovation continues, newer and even less foreseeable services and applications will eventually enter the business technology network and, by association, the ecosystem and enterprise network of the global organization. Business technology applications and services need to be connected to – and draw upon the resources of – the traditional IT department. There is no way to keep the two twains from meeting. To strike the right balance and assess and manage the risks involved, companies need to establish a buffer layer that mediates between traditional IT solutions and systems and business technology software, services, and data.

In times of limited IT budgets, SAP software helps companies control TCO by providing support for integrated processes and harmonized user interfaces that minimize the need for user training. SAP solutions contribute to simplified software landscapes that greatly reduce integration efforts, help improve a company's business process management capabilities, and allow process and technology innovation to be activated selectively.

Deploying Services to Enable Transformation

Services-based business technology software is used principally by people in the front office, in support of interactions across the firewall, to create value and drive business. The traditional function of the IT department is to record business transactions in the back office. Companies face complex challenges in how these two very different enterprise activities should work together. This is not just a technology challenge of joining two different technology types together – it's a bigger and wider challenge that extends to enterprise governance and compliance.

Business technology is about flexibility, experimenting with market opportunities, constant change, and paperless environments – outside normal processes that have been carefully established. Using business technology functionality to create new products, access new markets, and work in partnership is of particular importance in downturn market conditions. On the other hand, using business technology by definition involves increased risks – doing new forms of business with new customers and closer to real time than ever before.

The roles and people involved in business technology and IT are inherently different, with diverging goals, methods, and measurements of performance. Users of business technology are concerned with the creation of revenue, margins, and market share. IT users are looking to administer business functions for less cost. The risk is that the actions of those in business technology may offset cost savings being delivered by IT.

A set of sophisticated solutions can provide an enabling layer between traditional IT activities and business technology, service-based functionality. Cutting-edge software can provide both the connectivity and the necessary policy management for successful governance and compliance. To implement the necessary enabling layer, companies need software solutions that enable them to move from connectivity to interactive services, distinguish between structured data and unstructured data, integrate processes and procedures, and enact and enforce policies and standards.

THE ENABLING LAYER

TIGHTENING THE BUSINESS NETWORK FOR COMPETITIVE ADVANTAGE

Distributed global enterprises work with an extremely complex ecosystem of interconnected partners – all part of the organization’s extended network. In the pharmaceutical industry, for example, a business would work with health-care professionals, academics, suppliers, patients, and state and federal government agencies. It works with these and other constituencies and partners using business processes including prescription and dispensation, disease management, research, clinical activities, marketing, drug trials, new product processes, and healthcare legislation.

More and more, companies in all industries find they need to work with a similarly complex network of partners and stakeholders across the business network and around the globe, with busi-

ness processes running the gamut from procurement to research and development. To balance the differing needs of business technology and traditional IT and ensure that mission-critical processes are protected from risk, it is essential to implement a separation zone between internal and external systems and solutions. The challenge is to add new functionality into existing IT solutions while safely maintaining crucial ERP applications that control most of the business.

Over many years, an increasing number of devices designed to be networked have led to business information systems constructed around a vast array of standardized connectivity requirements and protocols. The growth and complexity of networks in a business ecosystem contribute to the increasing

need for functionality to manage the networks and control access and security. And the evolution of new devices continues, with increases in power, complexity, and sophistication.

The demand for bandwidth to feed the network is insatiable, and downtime for a company’s network can spell disaster. The safe operation of such a business network depends on the effective transition of an enterprise-centric network supporting traditional information technology to a network that supports both the traditional IT department and the needs of business technology services and business users.

Companies need to focus on supporting an external, business-technology set of services that can manage the policies of the relationships among various external entities – and with the internal IT department elements. This transition is an opportunity to rationalize the traditional, existing network, to reduce costs and free resources to meet the needs of the business community for expanded, business technology services.

Transforming Data and Content into Insights

The conflict between unstructured and structured data is an issue that continues to grow and that has profound implications for compliance. Auditors increasingly demand “information assurance” to determine that enterprise data was accurately created by known procedures and not based on imported, unchecked data.

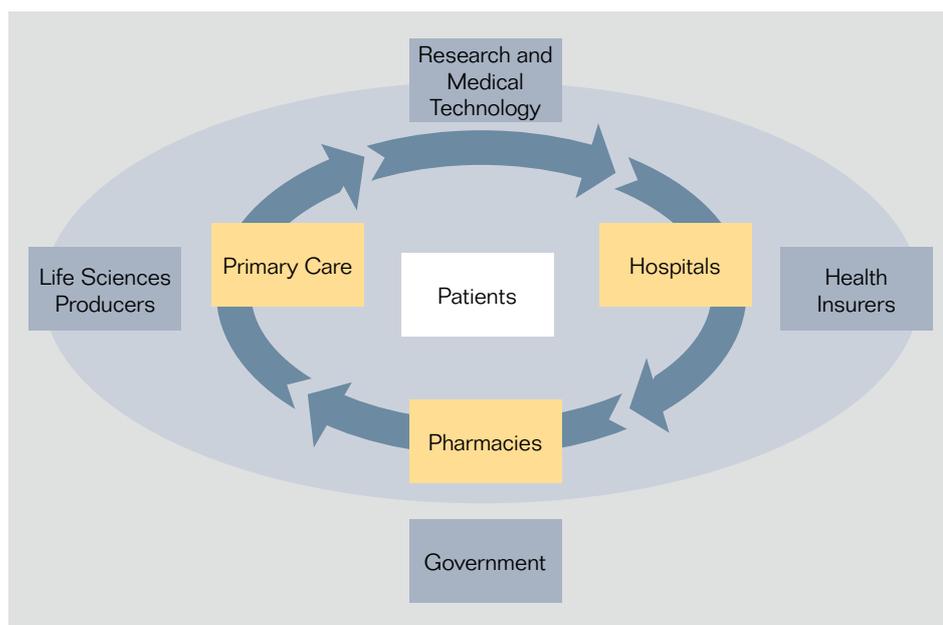


Figure 1: The Healthcare Ecosystem

The vast amount of unstructured data in the enterprise ecosystem is created by individual business users, often without regard to standards or policy. Building a consistent, coherent, and compliant architecture to import, create, manage, store, and recover data across all enterprise activities is far beyond the scope of a single master data management project. Archiving data presents challenges, as many archiving systems are built around proprietary techniques for which products are no longer available, leading to the risk of relying on an obsolete reader to access information archives.

The software that functions as the enabling layer is in effect the separation zone between the unstructured information and market-facing activities of business technology and the structured data of the enterprise IT departments administering the back-office processes. This separation is necessary for security and compliance purposes and for the requirements of the technologies themselves. Companies must demonstrate to auditors that these policies are in place and that information is not being accepted as enterprise data by default.

And the sheer volume of data inside the enterprise leads to an apparently never-ending requirement for more and more storage. Moving data accessed infrequently into so-called “offline” low-cost systems is the traditional answer, but it is increasingly difficult to define any significant amount of data to be classified for offline storage.

Standards to Enable Interoperability Across the Network

Software solutions used to build the enabling layer between traditional IT departments and business technology must use standards and process patterns that have been devised to enable enterprises to do business together. The software should work with and adhere to the requirements and conditions of standards groups, including:

- The open group architectural framework (TOGAF)
- The Jericho forum
- Extensible access method (XAM) data
- Business process execution language (BPEL)

Business Insights – From Strategy to Execution

Decision makers across the organization need to know that their information is current and based consistently on a single version of the truth yet reflects the many different and interrelated aspects of the organization. Acquiring this information and carrying out the strategies that rely on it require the complete integration of the organization’s business and IT processes through a robust and unified technology platform.

Companies need software solutions that are integrated and holistic. Those that maintain applications built on multiple underlying architectures find integration, testing, multiple user interfac-

es, maintenance and support, and data life-cycle management much more expensive than those enterprises with end-to-end solutions. And a fragmented approach lengthens the time it takes to gain business insights, because of the disparate data and process environments. This situation elongates time to action because process design and execution hit so many roadblocks.

Overall, the integration between internal and external activities – between business technology and traditional information technology – is a critical activity that all enterprises will face. The longer a strategic approach is delayed, the more complex and difficult the challenge becomes. When faced with a similar situation – the issue of adopting networked personal computers over mainframes – companies that waited were forced to reintegrate and standardize in the mid-1990s. Companies lagging behind the curve can pay a heavy price. Starting to think about how to build the enabling layer is a necessity, and recognizing the urgency of doing this work to save costs is a reality.

STRATEGIC ADVICE FOR A BEST-RUN BUSINESS

SOLUTIONS FOR END-TO-END BUSINESS PROCESSES

“SAP Business Suite software, with the synchronized release strategy and enhancement packages, will deliver value by fully supporting our integrated end-to-end business processes. We anticipate that the enhancement package strategy will remove the upgrade barrier and help us to more efficiently deliver the innovation we need for continued success. . . . [T]he costs associated with implementation and testing of new functionality are greatly reduced.”

Ed Toben, Senior Vice President, GIT and Business Services, Colgate-Palmolive Company

With these facts in mind, it is possible to see that companies face hard challenges – and invaluable opportunities – that call for unprecedented business flexibility without sacrificing speed, efficiency, or business integrity. To face these challenges, business managers may take their own routes to solve their own needs by using external service providers. This creates a risk of recreating the disconnected conditions of the early nineties that the advent of PC technology introduced. The question therefore is not whether to change, but how to change safely and enable enterprises to make the most of new technologies in a connected enterprise,

without endangering systems that support mission-critical processes. Networked enterprises require solutions to enable end-to-end processes that span departmental boundaries and connect with business partners. Enterprise performance and business risk are determined and influenced by the business network and establish new dimensions for business insight and governance.

Businesses need technology advances and improved functionality to grow revenues and add value, but pressures to cut costs are exacerbated by difficult economic times. Companies need to look at IT in a new light and rethink how technology can support and transform

the way decisions are made and the way business is conducted. The importance of information technology as a strategic enabler is changing with the business environment and business requirements, with IT focusing on supporting the lines of business to achieve strategic business objectives.

What is needed is new functionality catering to managing front-office, value-creating activities. Along with new software, companies need the tools and techniques to capture business needs and deploy solutions quickly. Companies need next-generation business software designed to help build cooperative relationships with business partners, manage risk, and increase revenues while juggling the sometimes conflicting needs of stakeholders inside and outside the organization. Companies need cutting-edge solutions that enable them to adapt and thrive in a business environment characterized by change and speed. They need solutions to cut costs without having an adverse impact on business capabilities and to increase sales and add new offerings, channels, partners, and markets. They need to provide freedom and flexibility to business users across the enterprise; manage local and global compliance without restricting creativity and innovation; and leverage existing technology investments.

THE SAP PROPOSITION

EFFICIENCY, FLEXIBILITY, AND INSIGHT IN BUSINESS NETWORKS

SAP software is renowned for helping companies achieve the key strategic aspects of a best-run business. With SAP Business Suite applications and SAP BusinessObjects solutions, SAP is applying that leadership in business software to meet new demands and enabling companies to leverage existing SAP ERP applications.

SAP has long been a leader in the enterprise applications market, helping organizations automate and improve business operations, leading to better business process execution. With the

SAP BusinessObjects portfolio of solutions, SAP has enhanced its offering and also provides leading business intelligence software to help organizations make better strategic decisions. The combined portfolios of solutions give customers superior execution and strategy and, most important, provide the means to align and connect them in a closed-loop system supporting strategic and operational agility. SAP software supports greater efficiency within the company and across the business network, sharpens insight for users based on reliable real-time data, and

provides the flexibility to turn insight into strategic decisions. This results in optimized business performance, which enterprises need to stay ahead of the competition.

By providing a comprehensive portfolio of modular applications, SAP addresses the business needs of enterprises of all sizes in all industries, helping optimize business operations and IT with respect to process flexibility, efficiency, and insight into business networks. Based on open, service-enabled business process and intelligence platforms, SAP software drives end-to-end, industry-specific processes and increases insight for all lines of business. In times of limited IT budgets, SAP software helps companies control TCO by providing support for integrated processes and harmonized user interfaces that minimize the need for user training. SAP solutions contribute to simplified software landscapes that greatly reduce integration efforts, help improve a company's business process management capabilities, and allow process and technology innovation to be activated selectively.

With SAP software, companies can balance traditional IT transactions and cutting-edge business technology interactions. With the software, businesses can mediate the differences of business technology and information technology – connecting (yet creating a buffer between) the front office and back office and providing the necessary security of data and processes.

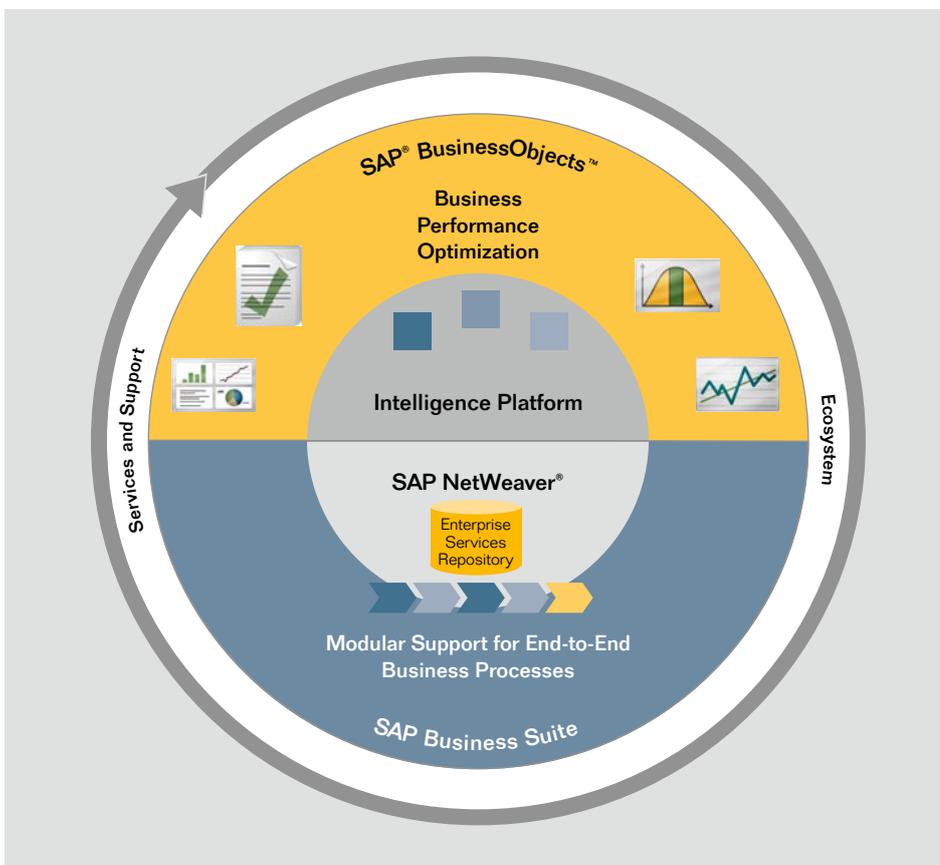


Figure 2: SAP – Business Value for Large Enterprises

SAP Business Suite – Execute on Business and IT Strategies

SAP Business Suite helps enterprises optimize, execute, and align business and IT strategies. With the software, companies have the unique ability to perform essential end-to-end business processes with modular applications that are designed to work with each other. In addition to reporting and analytics functions, companies get a robust technology environment for designing, composing, and adapting business processes that meet specific industry needs, from healthcare to consumer products manufacturing. SAP Business Suite applications support processes for finance, human resources, manufacturing, procurement, product development, marketing, sales, service, supply chain management, and IT management.

Enabled by SOA, SAP Business Suite gives large enterprises the flexibility to adjust business processes in a world of accelerating change. The core applications¹ of SAP Business Suite are powered by the SAP NetWeaver® technology platform, enabling companies to integrate value chains and leverage SAP and non-SAP solutions from the SAP ecosystem. The platform enables organizations to support the integrity, security, and scalability of mission-critical business processes.

With SAP Business Suite, every line of business can receive transactional information and management reports – anytime from anywhere – through standard SAP interfaces, mobile devices, and desktop applications. The software helps companies connect operations with strategy for planning, budgeting,

and operational reporting across organizational divisions and processes.

With the latest releases of SAP Business Suite applications, powerful functionality helps companies address the new challenges of business technology and information technology. The latest versions enable valuable, comprehensive sets of interconnected business processes that support the company's business strategy and involve multiple lines of business. Preintegrated processes support lines of business in optimizing key performance indicators that contribute to enterprise business strategies. Examples of these value scenarios include:

- Collaborative demand and supply planning and manufacturing network planning for consumer products companies
- Integrated product development for high-tech companies
- Asset safety and compliance for chemical companies

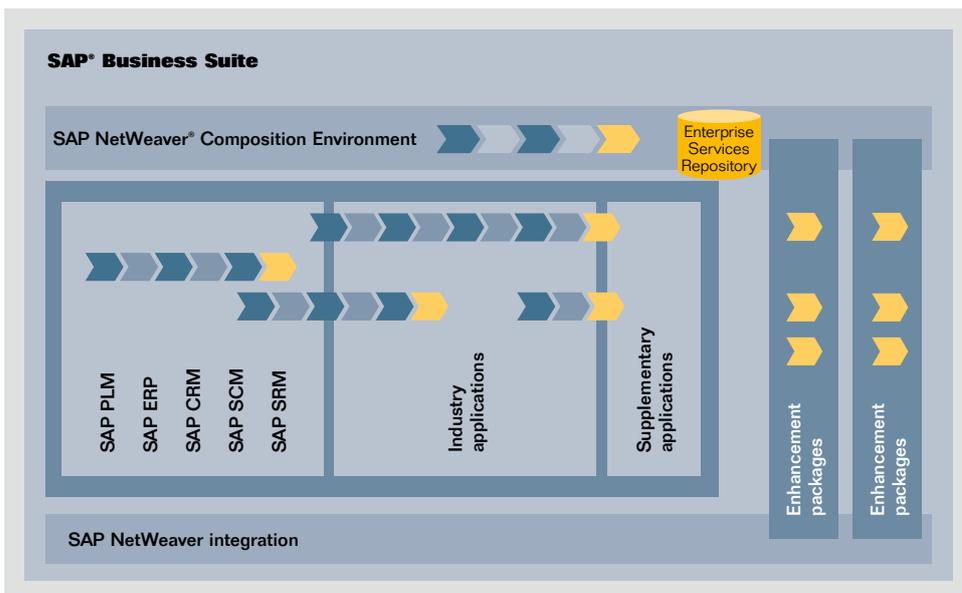


Figure 3: SAP Business Suite

¹ The core applications of SAP® Business Suite provide functionality to expand, automate, and improve enterprise efficiency. They include the SAP ERP, SAP Customer Relationship Management (SAP CRM), SAP Product Lifecycle Management (SAP PLM), SAP Supply Chain Management (SAP SCM), and SAP Supplier Relationship Management (SAP SRM) applications.

Enhancement Packages – Delivering More Innovation Quickly

SAP customers benefit from the enhancement package approach that enables continuous, less-disruptive innovation. To support customers in reducing total cost of ownership (TCO), SAP Business Suite 7, the newest version, delivers more than 300 functional innovations through enhancement packages for SAP ERP and a synchronized release schedule for all core applications for increased ROI.

Enhancement packages let companies take advantage of new and improved business functions to improve the efficiency and flexibility of existing business processes, while keeping core software stable. Enhancement packages are installed along with support packages as part of regular maintenance (afterward, innovation can be activated when you need it) without having to run an upgrade project. And the switch framework provides the flexibility to activate only the functionality needed by the business.

Companies can choose enhancement packages that help with outsourced manufacturing, component and task sourcing, and audit management and quality management. Companies can solve immediate challenges by implementing selective process steps quickly, enabling them to get a jump start with functionality that includes:

- Project and portfolio management for IT and research and development
- Manufacturing visibility, integration, and intelligence
- Inventory optimization
- Accelerated savings procurement

SAP is one of the first and only software providers to use service-oriented architecture to deliver new functionality to users in the form of enhancement packages.

Enterprise Support

SAP Business Suite provides robust support for finance, human resources, manufacturing, procurement, product development, marketing, sales, service, supply chain management, and IT

management processes. Built by a company with more than 35 years of experience with best-in-class enterprises, SAP Business Suite can help organizations:

- Integrate high-integrity business processes across organizational, departmental, and geographic boundaries
- Expand existing business processes or add new processes as quickly as possible
- Consolidate enterprise software landscapes to reduce costs or scale their operations for more-efficient growth

Aligning Strategy and Execution

SAP Business Suite enables enterprises to execute and optimize their business and IT strategies at the same time, with the unique ability to perform their essential industry-specific and business support processes. The software provides better insight and visibility across organizations, improves operational efficiency and effectiveness, and increases the flexibility to address business change. Companies can sharpen insight and visibility into processes and data, improve operational efficiency and effectiveness, and increase the flexibility to address business change throughout the enterprise.

“The new enhancement package offers flexibility to help us to more efficiently deliver the innovation we need for continued success. . . . [C]osts associated with implementation and testing of new functionality are greatly reduced.”

Hindustan Unilever Limited

Enabling and Managing Change

SAP NetWeaver is the reliable, secure, and scalable foundation for mission-critical business processes. In addition, it provides business value by supporting SAP-certified partner solutions and custom-built solutions. It increases business insight by providing the correct business and information context for business analytics to boost efficiency and flexibility for extended end-to-end processes. The SAP NetWeaver Business Process Management component provides support to extend core applications with agile, differentiating processes.

“These services don’t just reduce costs, they help us grow the business. We think SAP hit a home run with SAP NetWeaver and service-oriented architecture.”

Don Ross, Implementation Lead,
Hubbell Lighting Inc.

“Capgemini consultants made a huge difference. We could not have done this without them.”

Lorraine Chase, Functional Lead,
Sales and Distribution, Hubbell Lighting Inc.

All core applications in SAP Business Suite are based on SAP NetWeaver, which integrates naturally and with relative ease. As an advanced SOA-enabled technology platform, SAP NetWeaver unifies a comprehensive set of middleware functions in a modular software environment with the aim of integrating non-SAP applications to further reduce IT complexity and cost and to increase business flexibility.

SAP BusinessObjects Solutions – Optimizing Business Performance

SAP BusinessObjects solutions enable businesses to address the key challenges to optimizing business performance. With the software, companies can enable collaborative networks. The SAP BusinessObjects portfolio supports the efficient flow of information from a broad array of data sources, enabling an organization to collaborate across business boundaries, make more effective decisions, and strengthen its competitive advantage.

With the solutions, companies can enable people to work as teams in a way that reflects how they really work. The SAP BusinessObjects portfolio provides business users tools and applications to handle the information needed, in the right context for the issue at hand. The solutions enhance

“The SAP BusinessObjects solutions have provided us with the flexibility and scalability to allow us to effectively grow our business.”

Durgesh Das, Business Intelligence Manager,
CompuCredit Corporation

cooperation, collaboration, and decision making within groups, across work units, and throughout the enterprise. In addition, the portfolio contains solutions to help companies gain business insight, manage enterprise performance, and govern enterprise risk and compliance.

Reliable, Compliant, and Sustainable Operations

SAP BusinessObjects governance, risk, and compliance solutions help organizations maximize strategic and operational

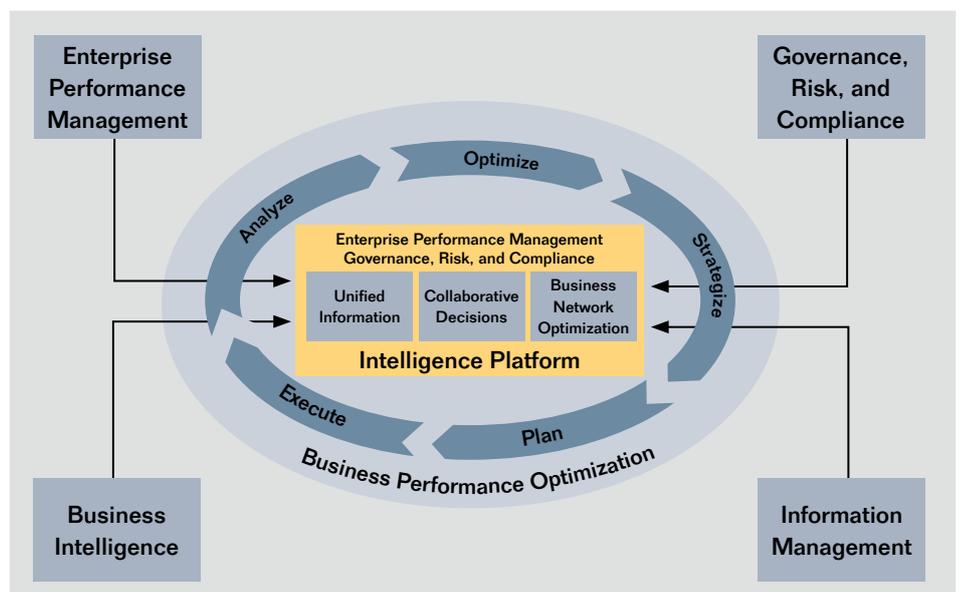


Figure 4: The SAP® BusinessObjects™ Portfolio

effectiveness while minimizing cost. With them, companies can aggregate and manage key risks activities, automate controls across processes, and monitor risks and controls across disparate systems.

“With SAP BusinessObjects governance, risk, and compliance solutions, the ‘hallway noise’ about security has gone from nonstop negative comments to nonexistent.”

James Bowman, Manager, IT Security,
Allegheny Energy Inc.

Drive Performance with Financial and Operational Performance Management
The SAP BusinessObjects enterprise performance management (EPM) solutions enable organizational alignment and execution that conform to strategic goals, foster collaboration, drive accountability, and measure performance. The solutions provide the business insight companies need to undertake corrective action, synchronize budgets with corporate goals, and perform fast, accurate statutory and management reporting. With the solutions, enterprises can build user-friendly models

to manage their organizational costs, minimize spend, and maximize profitability. These solutions natively integrate universally used productivity tools such as Microsoft Excel with unified data stores to preserve data integrity and consistency for EPM processes.

Breaking the Barriers of Traditional Business Intelligence Solutions

With the business intelligence solutions and information management solutions in the SAP BusinessObjects portfolio, companies gain an industry-leading intelligence platform that provides all constituents in a business network with trusted business information, helping them respond faster and make better, timelier decisions. This intelligence platform gives end users access to a broad array of internal and external, structured and unstructured, SAP and non-SAP data sources, reflecting SAP’s commitment to openness and interoperability in heterogeneous software landscapes.

End-to-End Business Processes

SAP Business Suite software and SAP BusinessObjects solutions increase the integrity, flexibility, insight, and efficiency of business networks by supporting end-to-end business processes – connecting you to partners, customers, and suppliers. The software empowers peo-

ple to better manage enterprise performance and align enterprise risk and compliance management with a codified governance framework. Powerful functionality enables you to visualize and control business processes based on unified internal and external data sources, which helps you close the loop between strategy and execution.

“The SAP BusinessObjects Planning and Consolidation application is such a flexible tool – it is very easy for me to analyze data. Now we can see and make changes in the specific areas affected. In the past, we could see only the total company impact.”

Robert Garvey, Senior Manager,
Financial Planning and Analysis, Myron Corp.

CAPGEMINI AND THE COLLABORATIVE BUSINESS EXPERIENCE

WORKING TOGETHER IN A DIFFERENT WAY

Changes in technology call for changes in techniques, processes, and implementation. The long-term, big-budget classic IT approach does not apply in the world of business technology. Business users need to drive fast, high-impact changes directly, with rapid turnaround and deployment. Business technology is not about a single project with terms and conditions negotiated to control the relationship and with inevitable change orders as the work progresses. It's about working together in a shared understanding to create value in response to ever-changing business requirements.

The Collaborative Business Experience® is the cornerstone of Capgemini's approach² – a different way of working to help enterprises gain the flexibility they need. Goals and behaviors are jointly defined as a framework for the relationship and to support a strong collaboration around the delivery model. Working this way brings a powerful combination of capabilities to the table, in addition to the experience of SAP.

Capgemini works directly with business managers in its proven Accelerated Solutions Environment™ (ASE) centers, with offerings including the following that enable innovation and business value:

- RApid INnovation (RAIN) methodology
- Rapid Design & Visualization (RDV) Lab
- Agile methodologies development
- Rightshore® global delivery model

“RAIN is a very good tool for us as a customer – to have a clear bridge from the current state into the future about how IT can be a true enabler in our core business.”

Olle Jonsson, Group CIO, SKF Group

With these offerings, Capgemini helps define and model complete business processes to see how SAP software can be deployed as quickly as possible and to best meet the company's needs. By providing a visual solution prototype, Capgemini also helps facilitate business user adoption of the solutions. Capgemini facilitators work with business managers and the company to help optimize their SAP software implementation.

Businesses need to win quick results tactically, but they must also close the gap between strategy and execution. This requires enterprises to view their technology decisions in the context of their business solutions – not purely on the basis of technological considerations. Many recognize this need but fail in the execution of the goal. Capgemini, through its Collaborative Business Experience® approach, can help organizations bring its members together to facilitate a business solutions implementation and get results they need fast.

² Capgemini, Collaborative Business Experience, Rightshore, and Accelerated Solutions Environment are registered trademarks of Capgemini S.A. RAIN and RDV are proprietary Capgemini methodologies.

BUSINESS NETWORK TRANSFORMATION

EFFICIENCY, FLEXIBILITY, INSIGHT – AT THE SPEED OF CHANGE

In difficult economic times, businesses need technology to enable them to move quickly, save money, be more agile, and take advantage of opportunities. Winning companies will reduce IT costs, standardize business processes, gain better insight, and employ more-flexible processes – reflecting more-flexible thinking. They are looking to their enterprise software for a head start to close the gap between strategy and execution. These companies seek to link decision-making systems to integrated, end-to-end processes that can be configured to reflect evolving roles and responsibilities. Companies use cutting-edge, integrated software solutions that help them build cooperative relationships with business partners, manage risk, and increase revenue while juggling the competing needs of stakeholders inside and outside the organization.

To make the most of current opportunities and to plan for future success, organizations need software that enables them to adapt and thrive in a business environment characterized by change and speed. Companies will find new ways to do business and focus on low-risk, high-value, and fast projects – instead of big, long-term, and costly undertakings. Companies challenge their IT and their software to help increase sales by adding new offerings, channels, partners, and markets. At the same time, companies need to reduce costs without having an adverse impact on business capabilities or limiting the ability of business users to stimulate new ideas and create new business. Companies require software to manage local and global compliance while

SAP Business Suite software and SAP BusinessObjects solutions, along with the SAP and Capgemini approach, give managers insight into their business and the tools to take action and innovate their business – without disrupting ongoing operations.

providing freedom and flexibility to business users across the enterprise. And with an eye to the bottom line, businesses in good times and bad seek solutions that leverage existing technology for higher ROI and lower TCO.

Best-run businesses look to trusted advisors to discover potentials for business optimization, in particular by benchmarking current performance against peer groups. Further, these businesses are looking for their trusted advisors to lead them beyond the discovery of additional business value to the actual realization of that value – and fast. They expect these partners to be in lockstep with the future as it unfolds, in order to deliver rapid value.

Companies foster continuous insights by deploying business analytics targeted at identifying critical business risks and by gaining visibility into mission-critical and differentiating business processes that deserve the highest attention and focused investment. In the mission-critical areas, companies need to plan and execute rapid, compact projects with a short time to impact and a fast return on investment. Putting

“hot-topic projects” in a strategic context helps ensure that tactical projects make a lasting contribution. A sustainable focus on the business value contributed by IT and new technologies requires monitoring the business performance of strategic processes and continuously measuring the contribution of IT to process effectiveness and efficiency.

The aftermath of the current economic reality will relentlessly expose which companies have emerged stronger than before. These companies will lead because they had insights into their focus areas, efficiency in operations to stay afloat, and business flexibility to capture the opportunities every crisis offers to the bold.

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