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The Game Changers

SAP Partners Share Their Insights on Technology and Business Innovation

by Steve Graham, SAP



Steve Graham (s.graham@sap.com) is Vice President of Global Ecosystem and Channel Marketing at SAP. Over the course of his marketing and industry analyst career, he has published research and delivered presentations on topics including technology ecosystems, partner-to-partner networks, software industry globalization, shifting technology industry business models, and intellectual property trends in the software industry.

SAP currently has more than 2,900 channel partners worldwide. Each of these partners provides SAP customers with the right mix of business acumen and technology expertise to help them address their specific needs. They range from very small organizations with a handful of employees to those with thousands of SAP professionals. But in each case, these partners serve as trusted advisors, helping customers navigate business challenges. They provide SAP with the best approach to better serve small and midsize enterprises.

SAP recently held a virtual roundtable with six channel partner executives based in North America and Europe (see sidebar). Each was asked for his expert perspective on what he considers to be the crucial issues causing customers to dramatically change how they do business, and how his company was responding to these issues from both a technology and a business perspective.

The bottom line? After weathering difficult economic times, small and midsize businesses recognize the need for global expansion, and are

leveraging their trusted advisors to help them successfully expand. They also expect technology innovation to directly translate into business impact and better cost performance. SAP channel partners are stepping up to the challenge, embracing technology innovation to drive new business possibilities and growth, and even implementing business model change within their own organizations.

Business Strategies for Turbulent Times

Over the past three years, the unpredictability of a struggling global economy has thrown many companies into a tailspin. The impact has been particularly acute for small and midsize businesses, which constitute close to 80% of the SAP application software customers worldwide. But according to the partner roundtable panelists, many companies are responding by moving into underserved markets and focusing on global expansion efforts.

“The recent economic trends have created market gaps left by companies that either failed

Meet the Roundtable Panelists



Alejandro Daniel
Deputy General
Manager
Seidor, S.A.

Location: Spain; Portugal; Latin America

Number of Employees: 1,700

Industry Focus: Cross-sector focus on small and midsize enterprises

SAP Partner Level: Gold

SAP Solution Focus: SAP Business All-in-One, SAP Business One, SAP BusinessObjects solutions, Sybase, select solution extensions



Gerald (Jerry) Eisinger
President
Aether Consulting

Location: Metro Detroit area, Michigan, US

Number of Employees: 7

Industry Focus: Small and midsize distributors, discrete manufacturers, project-based manufacturers, and professional services

SAP Partner Level: Silver

SAP Solution Focus: SAP Business One and various add-on products including Enprise Job Costing and PPSOne Manufacturing



Andreas Hufgard
Chief Technology
Officer
IBIS Prof. Thome AG,
IBIS America LLC

Location: Wuerzburg, Germany; Reeders, Pennsylvania, US

Number of Employees: 130 as Thome Group

Industry Focus: Professional services, wholesale, and project manufacturing

SAP Partner Level: Gold

SAP Solution Focus: SAP Business ByDesign, SAP Solution Manager

or were forced to significantly reduce their focus,” says Jerry Eisinger, President, Aether Consulting. “Companies that can quickly step in and take advantage of these gaps are thriving.” Panelists agreed that many of their customers have changed their business models to adapt to emerging market gaps; for many, this means focusing on things they’ve never done before. Panelists noted that some of their customers have shifted from a pure product focus to a more balanced combination of products and services, due largely to the lack of services players now in the market.

Similarly, customers that once focused on a cookie-cutter product business model shifted to a custom design-to-order environment when the economy adversely affected custom providers. Of course, such dramatic shifts in business focus cannot be taken lightly, and our panelists noted that the most successful customers already have a sound business approach on which to build, and they plan their moves well in advance.

In addition, the partner executives agreed that the global economic downturn has prompted small and midsize businesses to focus on regional and global expansion. Companies wishing to grow are triggering global expansion plans much earlier than might have been the case just five years ago. “There is a lot of uncertainty, and these companies are feeling a lot of pressure,” says Rick Koelsch, Deputy General Manager, SITA Corp. “It used to be that these companies worked very locally or regionally. Then some positive things happened — the Internet came about and the small organizations are now operating in a global model.”

But some of these businesses are unprepared for the global shift. Customers are finding global competition to be very different, and they have to rethink and retool themselves to prepare for the change. Thus, many customers are turning to their partners not only for technology, but also for training and change management to ensure global expansion plans fulfill their promise as a growth engine. How pervasive is this trend? Alejandro Daniel, Deputy General Manager, Seidor, S.A., estimates that one-third of his company’s small and midsize customers are doing business globally and extending their reach early.

Conversely, in some markets, economic unpredictability has created an opportunity for unbridled growth. For example, over the past few years, the economy has created a unique situation for companies that support and service the oil industry. “It’s not uncommon to see companies in this market expand from revenues of \$3 million three years ago to more than \$100 million today,” says Jory Lamb, President and CEO, VistaVu Solutions. “These companies are looking to their trusted advisors to help make significant changes in areas like governance, policies, and processes.”

Putting Innovation to Work

Panelists agreed that while technology innovation is a core ingredient to success, it has a significant impact for smaller companies only if it enables fast delivery of business results. “For smaller companies, the core need is to run things cheaper, faster, and simpler than ever before,” says Koelsch. The big question is, how can affordable



Rick Koelsch
Deputy General
Manager
SITA Corp.

Location: Somerset, New Jersey, US
Number of Employees: 320 US, 710 global
Industry Focus: Consumer products, apparel and footwear, fabricated metals, public sector non-profit, and higher education
SAP Partner Level: Gold
SAP Solution Focus: SAP Business All-in-One, SAP ERP, SAP BusinessObjects suites, SAP HANA, SAP CRM, SAP MII, SAP SRM, SAP ERP HCM, Mobility



Jory Lamb
President and Chief
Executive Officer
VistaVu Solutions

Location: Canada headquarters in Calgary, Alberta; US headquarters in Houston, Texas
Number of Employees: 25
Industry Focus: Oil field construction, oil field product manufacturing, and well servicing
SAP Partner Level: Gold
SAP Solution Focus: SAP Business One, SAP Business ByDesign, SAP BusinessObjects solutions



Doug Turner
Chief Executive
Officer
Mantis Technology
Group

Location: Kirkland, Washington, US
Number of Employees: 75
Industry Focus: Business intelligence and data warehousing, software development, and application lifecycle and project management
SAP Partner Level: Gold
SAP Solution Focus: SAP ERP, SAP CRM, SAP NetWeaver BW, SAP BusinessObjects solutions

As trusted advisors, SAP channel partners recognize the value of innovation, but ensure customer investments are well guided to drive pragmatic business impact.

technology innovation increase the productivity of these companies?

“The challenge is that many customers want to line us up against our competitors to see how we implement certain features,” says Lamb. “We need to help change the conversation.”

The concept of value engineering is still relatively new to small and midsize customers, but it has provided the right focus to ensure innovation will be appropriately leveraged to deliver results. Panelists highlighted two recent customer anecdotes that exemplify this. One partner helped a rental company reengineer its quoting process, streamlining the process so much that the company saved the equivalent of half a man year. Another panelist said his organization helped an international mud logging company compile meaningful financial records, saving the accounting department more than 20 hours each month.

“Customers are understandably frustrated because their past investments in technology did not always deliver huge business results,” says Doug Turner, CEO, Mantis Technology Group. “We believe it’s our job to show them how innovation will lead to a better outcome — whether it’s related to cost or revenue.”

“For technology innovations to work, they must be mapped to a customer’s existing business,” says Andreas Hufgard, CTO, IBIS Prof. Thome AG and IBIS America LLC. “Too often I’ve heard companies give presentations where they recommend that their customers abandon their existing technology or processes in favor of new innovation, and that’s simply not practical.”

“Whenever we approach an issue, we have to look at it through the customer’s lens,” says Turner. “The customer has to solve its business problem, and technology alone is not the answer. And leaving consultants on the ground for five years is not the solution. We recognize that.”

SAP Partners: Evolving Their Own Business to Run Better

To effect change and deliver the impact customers require in the face of a volatile economy, SAP partners recognize the need to continually evolve their own business. “As the market evolves, we must also evolve,” says Daniel. “When customers have a new need, they will ask us. If we hesitate, we are dead. We have to anticipate and build. That’s an investment risk, but it allows us to have

a 360-degree view of the customer the moment the customer approaches us.”

Continually evolving is a tough business challenge for SAP channel partners. For them, agility comes from a strong focus on providing specific expertise and building effective business networks. All of the panelists agreed that the first step to addressing this challenge is to create a narrow focus. Providing experts and offerings that specialize in specific industries or target specific needs helps build reputation, brand, and market presence, including the development of intellectual property. Packaging these in a single offering means customers can quickly deploy these solutions, without significantly investing in technology staff to develop and deploy unique solutions. “On-demand offerings in particular have huge potential to deliver high levels of functionality at a reasonable cost,” says Hufgard.

In addition, panelists noted that developing strong global business networks is increasingly a key ingredient to success. In particular, these firms are all engaged in building networks of SAP partners to help them address customers’ global expansion efforts and leverage their own specialties. “Our company has created a strong network of SAP partners with similar goals and a strong level of commitment to one another,” says Daniel. “Networking is beneficial because we can say to the customer, ‘We’ve already done it with others and it works. It will work for you.’”

“At the end of the day, addressing business needs is still our bread and butter, and delivery is still key,” says Eisinger. “We partner for things we know somebody else can do better.”

“I know that at the end of the day if things don’t go well, the customer is going to call me,” says Turner. “So it’s in my best interest to bring in a partner I trust and know will do it right.”

The Bottom Line

SAP channel partners are changing the game by providing the right mix of technology innovation and business acumen to customers. As trusted advisors, the partners recognize the value of innovation, but ensure customer investments are well guided to drive pragmatic business impact. Their investment in further developing industry-specific intellectual property and building business networks enables them to stay at the forefront of helping customers achieve their growth goals and run better. ■