

6 Characteristics of High Performing Customer Centers of Expertise

Transforming IT from support provider to
business enabler

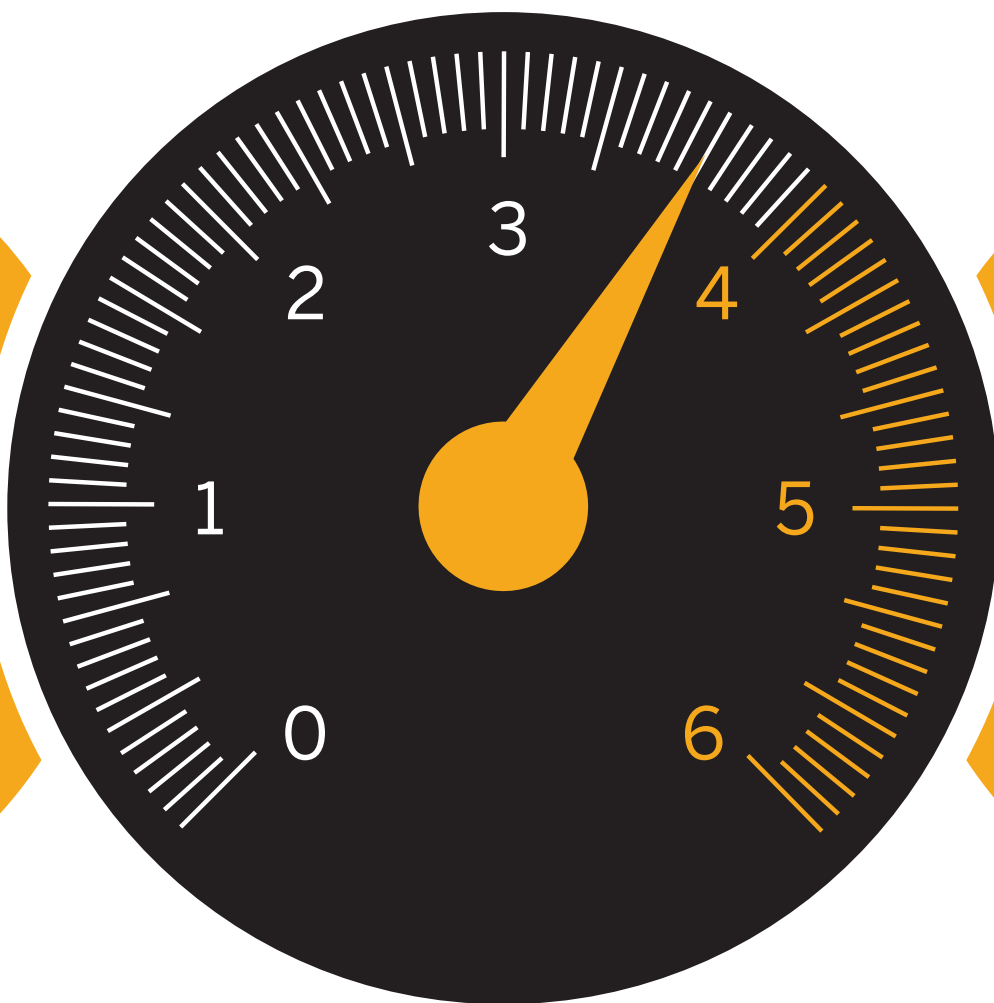


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Competitive advantage that is dependent on IT. Legacy applications to keep running. New breakthroughs like mobility, big data, and cloud applications to incorporate. IT environments are becoming increasingly complex and, as a result, the risk of business disruption increases. In this environment IT must move from simply being a support provider and forge a partnership with the business to drive performance improvement. One very successful route for achieving that goal is establishing a Customer Center of Expertise.



From Support Provider to Business Enabler

Across the board IT environments are increasing in complexity. Servers and storage infrastructures are becoming virtualized. Networks are carrying voice and video traffic as well as data. Personal mobile devices connected to wireless networks are becoming the norm. At the application layer, service oriented architectures are more prevalent. Plus, in many cases, there are still a wide variety of legacy applications to be supported.

At the same time, business managers expect the highest levels of application availability. Executives and knowledge workers alike depend on technology to support their day-to-day activities. The smallest amount of downtime leads to lost productivity at best, lost revenue at worst. Prolonged downtime can not only have a significant impact on revenue, but also negatively affect an organization's reputation and/or brands.

And technological progress is marching on. Competitive advantage is increasingly reliant on the application of technology. Yet, with the increasingly complex IT landscape, incorporating breakthroughs like big data, mobile apps, and cloud computing carries an increasing risk to maintaining business as usual.

Plus, IT organizations do not have the luxury of limitless budgets. So throwing money at these issues is not an option. Costs are increasingly under scrutiny, so they must look at new ways to meet the requirements placed on them. One proven method of doing so is creating a Customer Centre of Expertise (CCoE).

A CCoE moves IT from being a support provider to a business enabler. It integrates IT support, operations, development, lines of business, and third party providers, in a single, quality enabled organization. Its mission is to manage critical IT operations and deliver business continuity and agility at the lowest possible total cost of ownership, while enabling both continuous improvement and the adoption of new innovations.

In this white paper we look at the six characteristics that are necessary to create a high performing CCoE.



13-20%

The savings organizations can make with a CCoE best practice approach¹

~8.4%

Typical downtime incident reduction with a CCoE²

~51%

Typical incident duration reduction with a CCoE³

¹ ASUG benchmarking results (2006) and Gartner Group (2005).

² IDC, Using SAP Solution Manager to Improve IT Staff Efficiency While Reducing IT Costs and Improving Availability, November 2009

³ IDC, Using SAP Solution Manager to Improve IT Staff Efficiency While Reducing IT Costs and Improving Availability, November 2009

Vision, Strategy, and Governance

Companies that have successful CCoEs always start by establishing a long term vision up front, and agreeing it with both the IT and the business stakeholders. A CCoE vision describes the aim and purpose of the CCoE and validates the CCoE's existence. It includes a shared understanding of what and where the CCoE should be at some point in the future, with respect to the:

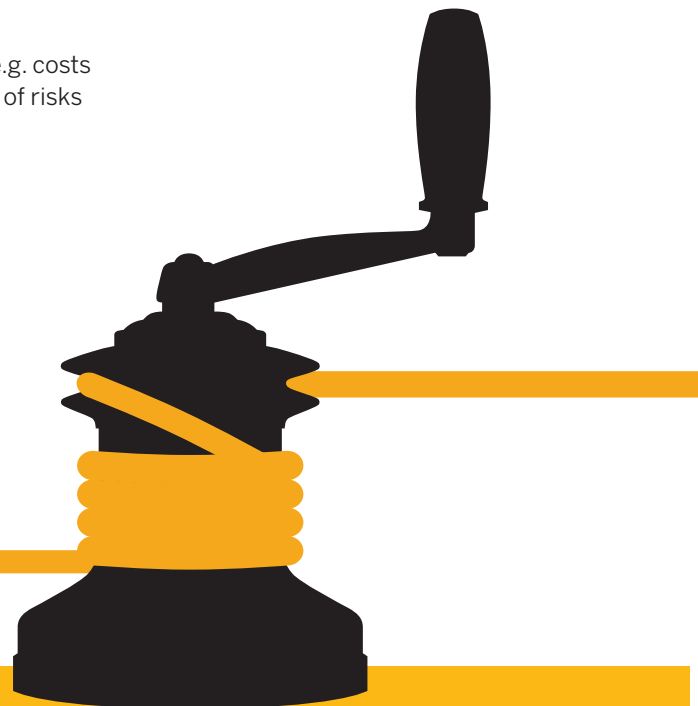
- Core strengths of the CCoE (quality, innovation, talent, organization)
- Customers it will address
- Value it is expected to create

The CCoE strategy is defined from the vision. It is typically built up in two phases:

- Strategy development – defining the next levels of design detail based on the vision
- Strategy realization – detailed implementation work packages and planning, to turn the design into reality

At the same time it is best practice to define CCoE governance, which covers the set of roles, responsibilities, functions (departments), duties, and decision rights for implementing and running the SAP platform (project and support) and improving global processes. The CCoE governance is aimed at providing the following:

- On-going alignment of IT and business strategies and proactive value management
- Enablement of business growth and performance improvement through business process standardization and predefined SAP® solutions
- Consistent management of project and support activities
- Defined decision authority on global and local levels, balancing global and local requirements
- Long term stability of the SAP template
- Reasonable use of resources e.g. costs and appropriate management of risks



An Appropriate Organization

The next characteristic for developing a value-adding CCoE is creating an organization that contains the right levels of specialism, both from an IT and business perspective. The names may change from organization to organization but the functions should be the same.

The organization is generally a combination of a centralized IT-based unit integrated with third party service providers and a virtual team of business stakeholders from the organization's lines of business.

The business stakeholders should be experts in the business processes used by the organization. Their role is to drive investment decisions for new technologies and products, as well as provide inputs for continuous improvement activities and give feedback on developments. They will have a strong interest in rapid value realization and fast value identification.

They will also define strategic and operational requirements and appropriate process performance levels, with a view to attaining the best competitive position from the IT-enablement of critical business processes. As they are operationally responsible for the overall performance of those processes, there is a high expectation of them from the CCoE organization and a high incentive to work collaboratively as part of it.

The operations team is responsible for running the SAP applications with the minimum appropriate headcount and maximum efficiency, maintaining availability and business continuity to the agreed service levels. The application operations organization is the key interface between business and IT. It is responsible for the implementation of the technical requirements and supports the users and key users. Application operations is supported by additional IT organizational units.

Business process operations is responsible for the operation and monitoring of the business applications, integration of the applications and automation of jobs, and for working collaboratively with business stakeholder groups, to ensure optimal business process performance.

The program management office (PMO) and applications team takes care of all maintenance topics. These include requirements management, testing, documentation, change and release management, and integration validation, to mitigate project risks and ensure an effective handover to production. The PMO consolidates and prioritizes the requirements of the business areas and forwards these requirements to the CCoE organization.

The development team is responsible for the quality and maintainability of custom code, providing internal development standards and selecting the most suitable development platform. The primary role of the custom development team is to adapt SAP standard applications and interfaces to specific business needs. This involves a variety of development tasks covering application customization, interface development, and custom code development.

Supporting all of these IT teams is the infrastructure group, which is responsible for the underlying technologies, such as networks and databases.

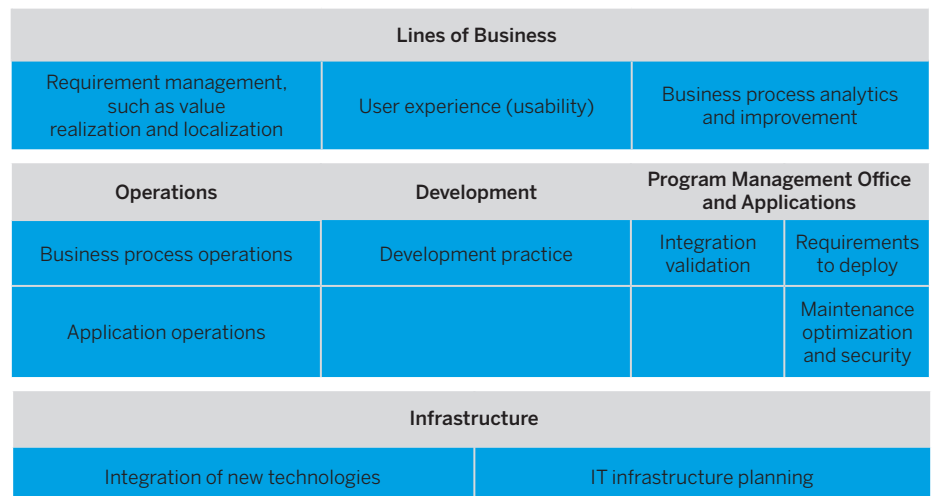


Figure 1: Typical Organizational Model For a CCoE

A Single Version of the Truth

Successful CCoEs are built on what we call a single source of the truth, which is a structured, comprehensive, and reliable collection of information about the state of all your current projects and productive applications. The objective is to move from perception-based to fact-based decision making. For this to happen business processes and any issues in the solutions landscape must be clearly visible to all stakeholders.

A single source of the truth comprises information about systems, software components, and the business processes that run on them, including the automation, workflow, and controls that preserve traceability and accountability across all application development and delivery stages. Comprehensive and non-overlapping CCoE roles, as well as fully integrated partner tools and roles, are also part of the single source of truth.

With visibility into the key challenges and issues throughout the application management lifecycle, you can make better, more informed decisions, assign accountability for issue resolutions and manage results more effectively.



Standardized End-to-End Processes

Adopting the standardized processes of application lifecycle management (ALM) enables you to implement solutions faster and operate them at lower cost. Standardized ALM processes also give you greater transparency, consistency, accountability, and productivity.

ALM-aligned processes, such as our ASAP and Run SAP methodologies, increase the business value of IT by not only focusing on core business processes and end users, but also on automation and data aggregation, allowing resources to be used more efficiently. The result of this is scalable yet sufficiently flexible operations processes that enable you to respond to business and IT changes fast.



Integrated Quality Management

A key component of successful CCoEs is a cross-organization quality management structure and methodology that connects all lines of business with the IT teams as well as external partners. Its role is to drive continuous improvement based on KPIs, centralize issue resolution and de-escalation, and centralize planning and collaboration.

Dedicated quality roles provide a stable link between the different units in the CCoE, as figure 2 shows. As a minimum the roles should include:

- Business continuity – ensuring the continuous operation of the business and minimizing business disruptions by efficient application incident resolution and effective change impact management
- Protection of investment – minimizing customization and maximizing the use of standard business processes, ensuring a best practice testing approach, and minimizing production downtime due to implementation of change

- Integration validation – responsible for the quality of the implemented solution’s documentation, which must describe the software landscape, the core business processes, and all interfaces
- Business process improvement – close collaboration with business owners, identification of critical business issues, and definition of a business process improvement plan, monitoring and management of exceptions in business processes

Depending on the size of your organization all four roles may be covered by one person or several people may cover one role. The important point is that the roles are covered, as these are the people who make sure processes are state of the art and improved continuously.

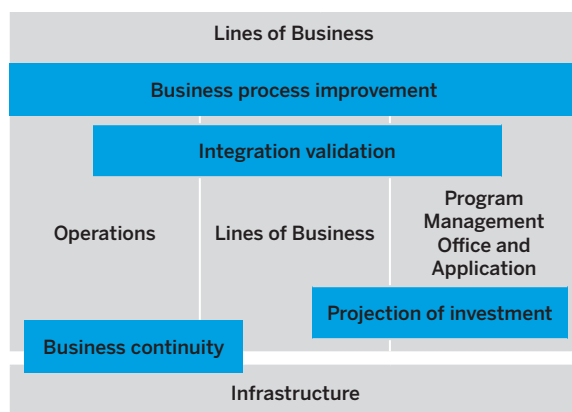


Figure 2: Activity Focus of Quality Managers



Defined quality roles ensure your processes are state of the art and improved continuously.

Embedded Continual Learning

In another SAP Education white paper – ‘Cutting IT and Application Support Costs’ – we reported that untrained or undertrained desktop users will cost 5x more to support than a well trained worker.⁴ As a result, any organization wanting to move from support provider to business enabler will want to put in place a robust learning strategy that keeps its workers fully conversant with the applications and business processes they use.

A robust learning strategy is also a pre-requisite for a successful CCoE. By their very nature these organizations are based on specialization. Each function and role within the organization has a specific part to play in delivering business value and it is essential that everyone within the organization is an expert within his or her field.

When your CCoE is set up it is essential to ensure everyone has the skills and knowledge they need to accomplish their roles. This can be accomplished either through targeted recruitment or through formal and/or informal development and learning programs.

Over time applications, technology, and best practices change and knowledge and skills erode. So it is vital that continual learning is embedded into your CCoE to keep everyone up to date.

Any learning strategy for application users and the CCoE should, of course, integrate with your company’s overall learning strategy. For maximum impact it will also need to combine the best of formal, informal, and self-help enablement techniques, to rapidly and effectively meet the educational requirements of both business and IT workers.

Your learning strategy will also have to take into account the circumstances of the people you want to educate and the best way of meeting their requirements. As smartphones and tablets become more sophisticated, today’s workforce is becoming more and more mobile. Home working is also becoming more widespread, while today’s teams are increasingly geographically dispersed and virtual.

Delivering continuous learning in this environment demands much more than traditional classroom training. To be effective your learning strategy will need to embrace a whole range of learning methods, including virtual classrooms, e-learning, just-in-time training, mobile and informal learning, and perhaps even the latest gamification techniques.

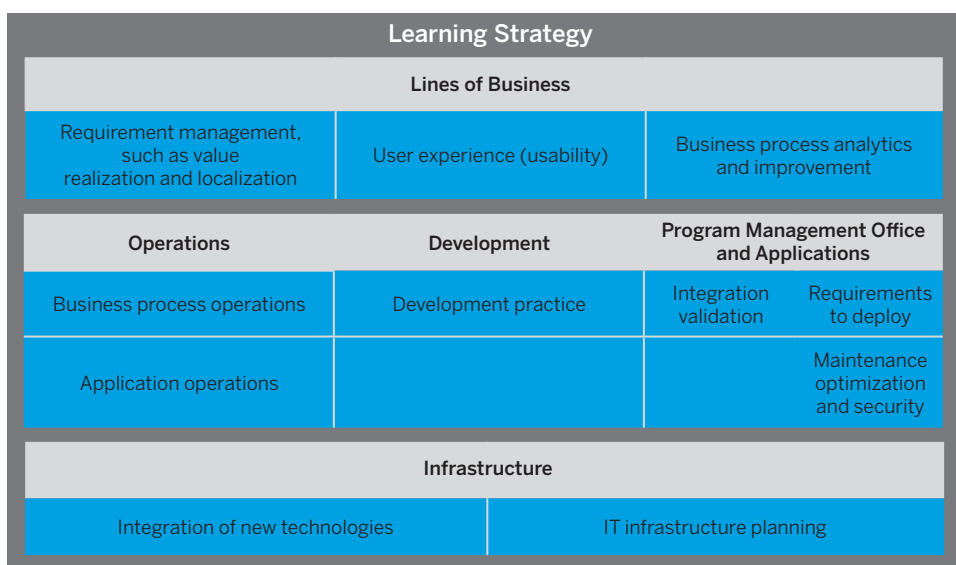


Figure 3: A Robust Learning Strategy Underpins all Aspects of a Successful CCoE

4. Source: Untrained Users Cost More to Support than Trained Users, Gartner March 2006

Conclusion

IT organizations today are faced with three key challenges – supporting increasingly complex yet mission critical application environments, reducing costs, and delivering the innovation that drives competitive advantage. Achieving these objectives becomes much more manageable when you establish and rely on a CCoE.

While, the benefits of having a CCoE are considerable, building one is no easy task. With our experience of working closely with many customers to establish CCoEs, we believe that, if organizations acquire the six characteristics outlined in this white paper, they will be able to transform their IT departments from support providers to business enablers that can respond quickly and flexibly to new business requirements.



Achieving these objectives becomes much more manageable when you establish and rely on a CCoE.

LEARN MORE

At SAP we've built up a great deal of experience and expertise by helping many customers create a successful CCoE.

Our tools and services in this area include:

- **Business Transformation Services.** Assess current practices and design a target model to establish/improve a CCoE based on SAP standards and best practices. Provide a transformation roadmap for the implementation of the target model of the SAP CCoE.
- **The Run SAP methodology.** Standardize and optimize operations in your SAP environment.
- **The SAP Solution Manager application management solution.** Maintain and support your existing infrastructure more efficiently, reducing costs and freeing resources for innovation initiatives.
- **SAP User Experience Management application by Knoa.** Monitor the experience and performance that users encounter as they work in SAP applications, and use that information to focus enablement strategies more effectively.
- **SAP Workforce Performance Builder software.** Easily create, edit, deploy, and track context-sensitive user help, transaction documentation, simulations, test scripts, and rapid e-learning materials.
- **SAP Learning Hub.** Get fast, easy access to up-to-date learning materials for consultant training on the go. Download the latest curriculums from the SAP Education organization online. Identify the most engaging resources with our essential reports on learning consumption and progress.

To learn more about how SAP can help you develop a CCoE please visit

<http://service.sap.com/coe>

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