

## WHITE PAPER

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# Business Benefits of Applying Standard Methodologies for Operations

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## IDC OPINION

A common trait of successful and sustainable organizations is that they operate through well defined, efficient, and continually evolving business processes. As a result, the integration of business processes, mission-critical software, and system components has become ever more relevant as a means of honing internal execution and competing more effectively. IDC believes that the timely and innovative integration of these mission-critical applications is an underestimated component of business performance. However, the subsequent management and maintenance of the resulting IT solution are vital for a company's ongoing effectiveness. Organizations need to focus on the successful implementation of applications, such as SAP, as well as the seamless management of business processes postimplementation. By utilizing standardized approaches such as Run SAP, firms can gain access to not only SAP's recommended methodology for operations but the wisdom and the experience from the thousands of best practices that make up the foundation of the Run SAP methodology. IDC believes that the Run SAP methodology enables companies to optimize the implementation and ongoing management of end-to-end solution operations, shortening the efforts required and ultimately allowing the organization to focus time and money on other strategic activities.

## SITUATION OVERVIEW

Today's enterprises are facing significant increases in the complexity of their IT environment. This complexity is affecting all aspects of the environment. At the infrastructure level, virtualization is increasing the complexity of traditional infrastructure components such as storage, servers, and networking. Even the once-static desktop environment is being transformed through the introduction of converged devices, IP phones, and desktop virtualization. At the application layer, integrated applications and suites have introduced greater functionality than ever before. In addition, most organizations are still supporting a tremendous amount of legacy software and applications that must be integrated with newer, more flexible and powerful applications. However, all of this additional functionality does not come without a cost. While the environment may be stable, it is likely not optimized and does not have the flexibility required for a challenging and dynamic business environment. As a result of the increase in complexity, even the adoption of a reasonably straightforward application is complicated by the need to integrate with the existing IT environment.

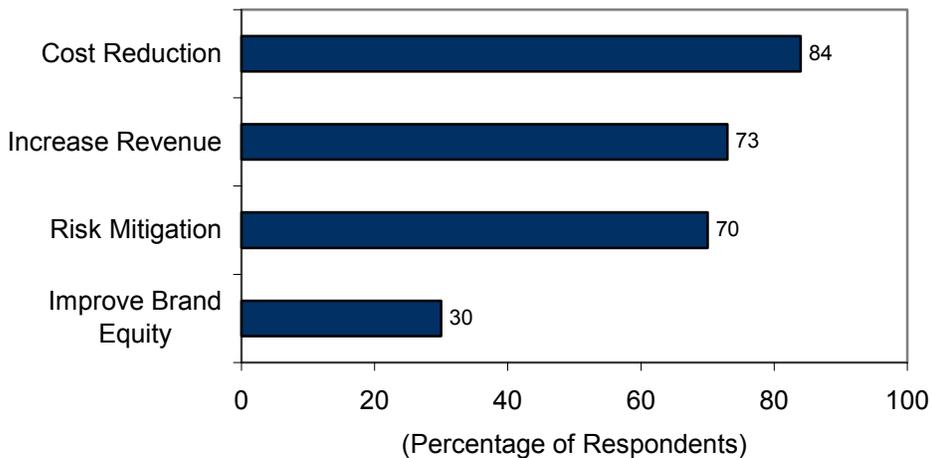
Against this backdrop of increasing complexity, CIOs are facing the realities of a difficult and challenging economic environment. The events of the past 18 months have added additional complications to the CIO's burden. The rapid collapse and subsequent bailout of the global banking system and resulting sudden instability of the global economy have seriously impacted IT spending. In every industry, IT budgets are often being held flat or reduced. This is driving the need to reduce operational costs, thus freeing up resources that can be either redeployed to focus on driving innovation or returned to the bottom line.

These new realities have caused both business and IT executives to quickly reassess priorities. Companies are reevaluating their operations, with a focus on controlling and lowering operational costs. When IDC asked business executives, "Which *one* business or organizational problem will take priority in 2009?" managing costs rocketed to the top spot. Moreover, risk and governance now has a higher profile than ever before (see Figure 1).

**FIGURE 1**

CXOs' Business Issues Priority in 2009

Q. Which ONE business or organizational problem will take priority in 2009?



n = 132

Source: IDC's CXO Survey, 2009

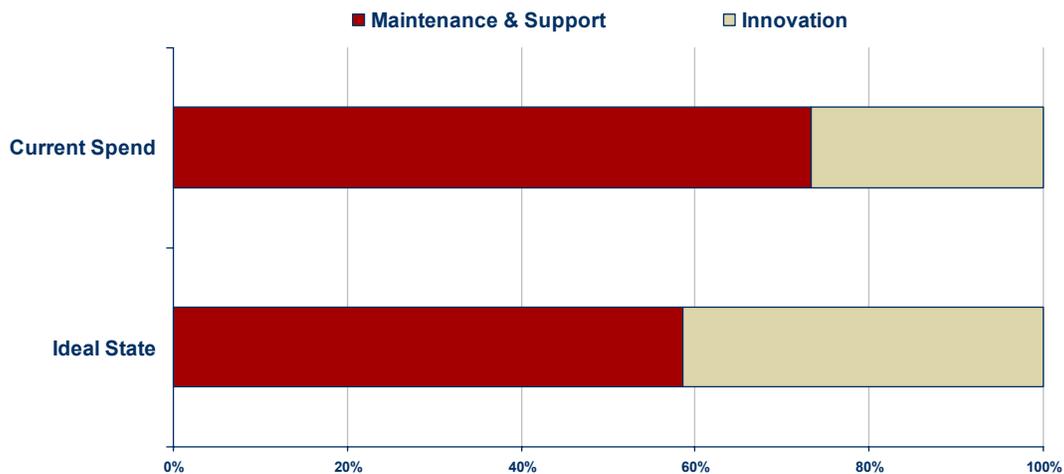
Further investigating the causes for increased costs associated with software shows that a major cause of the increased costs is a failure to properly implement or maintain software. IDC believes that it is imperative for CEOs and COOs to understand that it is very rare for the actual underlying software and infrastructure to fail. Rather, the more likely cause of the increased costs is poor implementation. In many cases, the implementation does not meet the business needs because business processes, technology, and impacts on the employees are not fully considered during the planning stages.

Further, it is important to note that major IT projects often do not fail quietly. In recent years, numerous companies have had to confront serious business liabilities as a consequence of a strained technology implementation. Often these revelations have a negative impact on the company's financial performance, the stock price, and the operational competitiveness. In an environment of economic uncertainty and heightened competition, this type of outcome is unacceptable.

To avoid these negative outcomes, IDC believes organizations need to go back to the basics and focus on IT execution. This focus on execution requires the organization to assess more than just the IT department. It requires a holistic evaluation of both business and IT processes and how these processes are tied together. IDC believes that by taking this approach, organizations can reduce the costs associated with deploying and maintaining their IT environment and thus have more resources available for innovation. Specifically, according to a recent IDC survey, CIOs indicated to IDC that only 26% of their average annual IT budget is currently spent on innovation. However, they believe in an ideal situation, they would be able to spend over 40% of their budget on innovation (see Figure 2). However, IT budget increases can be difficult to secure even in strong economic times, making them almost impossible to secure in today's economy. As a result, CIOs need to find ways to reduce operational spending to be able to increase spending on innovation.

**FIGURE 2**

**Current Versus Ideal Spend on Maintaining Past Technology Investments and Future Innovation**



n = 164

Source: IDC, 2009

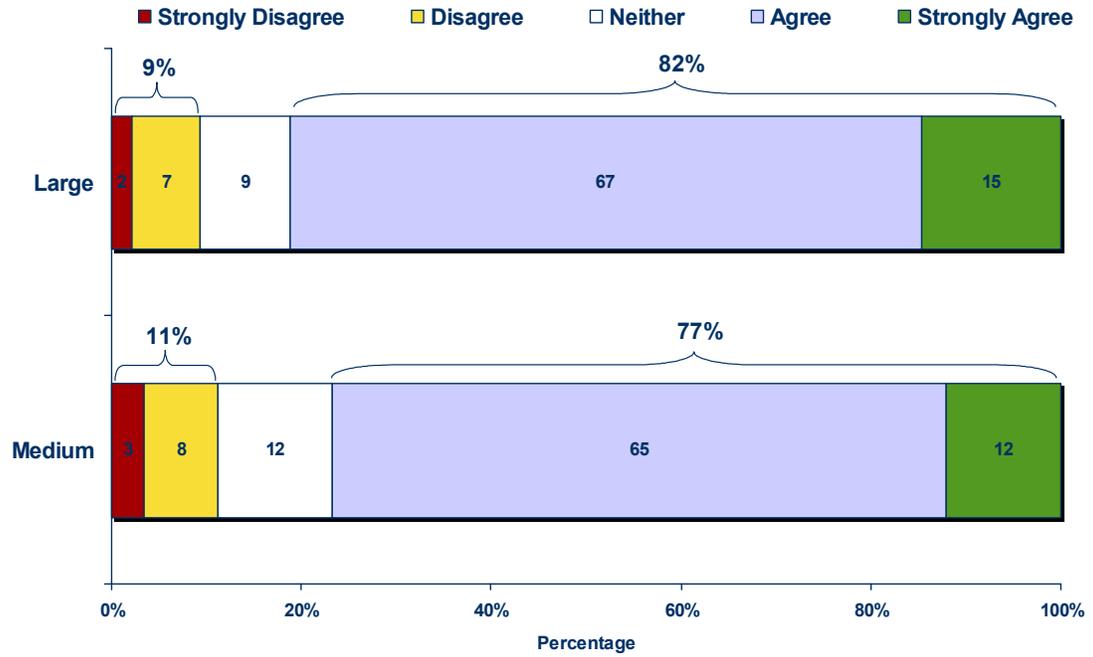
Reducing the amount an organization spends on the maintenance of and support for their IT environment has been a goal of IT departments for many years, but this effort has been hampered by the perception that multiple technologies are needed to address all of the business processes. However, this perception has recently begun to change and organizations are beginning to standardize their IT environment and processes. Figure 3 shows that over 80% of large enterprises and over 75% of medium-sized enterprises are interested in standardizing their IT operations. Further investigation into this change in approach to process shows that the main reason is cost savings (see Figure 4). CIOs have found that standardization reduces their upfront cost of acquisition, eases integration with existing infrastructure, and lowers their operating costs.

Methodologies such as Run SAP, ITIL, and CobiT enable CIOs to quickly standardize their IT processes and adopt the lessons learned and best practices of other similar organizations. These standards-based routines assist in reducing the resources required to maintain and support the IT environment, thus saving time and budget. However, not all standard methodologies are appropriate for all enterprises. IDC recommends that before adopting any methodology, organizations investigate the processes and ensure that they will address the specific concerns facing the IT department. Further, organizations do not have to standardize on a single methodology — in fact, enterprises can integrate complementary methodologies into their operational environment. For example, an organization can adopt Run SAP for the application layer while utilizing the ITIL methodology that applies to the remainder of the IT environment.

**FIGURE 3**

Status of Standardizing IT Operations by Company Size

Q. Are your organization's IT requirements are becoming more standardized?

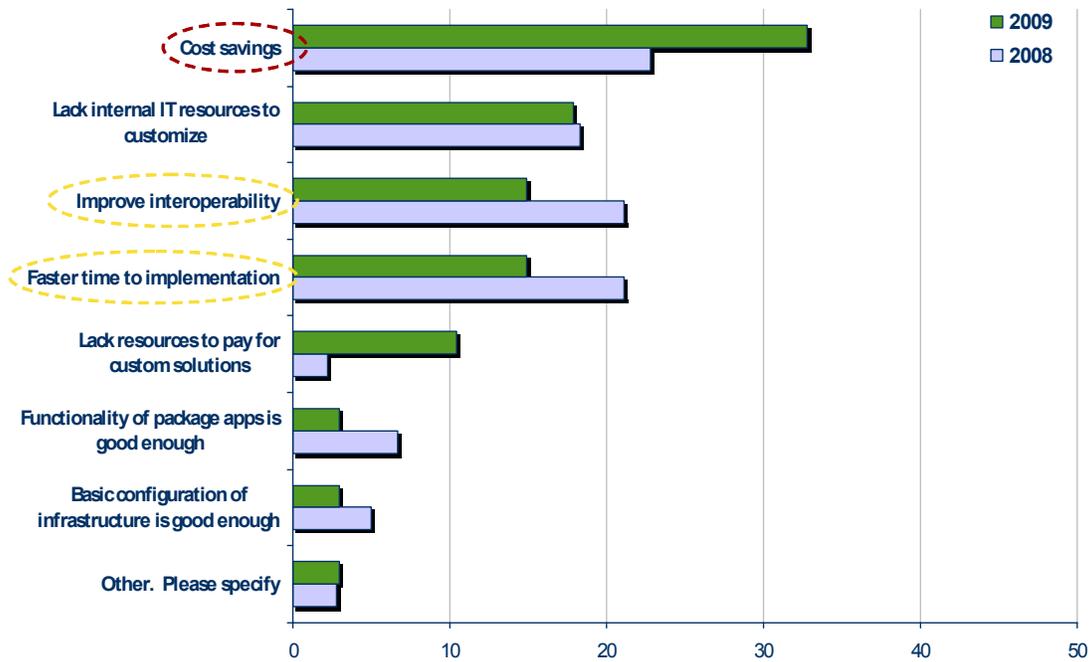


n = 198

Source: IDC, 2009

**FIGURE 4**

Reasons for Standardizing IT Operations in 2008 and 2009



n = 198

Source: IDC, 2009

## ADVANTAGES TO ADOPTING STANDARDIZED OPERATIONS

To effectively support mission-critical business processes in the IT environment, organizations should carefully evaluate the processes and policies that are in place to guide IT operations. Through research and customer contacts, IDC has identified a variety of key potential benefits associated with adopting a standardized operational methodology across the IT organization. Organizations looking for ways to improve operational effectiveness and efficiencies should look for packages that can address the following features and benefits:

- ☒ **Reduced risk and increased reliability across the IT environment.** Most organizations use IT to support mission-critical business processes throughout the enterprise. As a result, most IT departments are tasked with ensuring the availability and reliability of the technology underlying those business processes, regardless of the actual technology itself. A standardized operations methodology means using policies and procedures that have been proven to minimize critical system incidents and to improve the reliability of software and hardware across the IT environment.

- ☒ **Fewer high-severity, system downtime issues.** Since IT departments are now supporting technology that enables mission-critical business processes, reducing the number of high-severity, system downtime issues becomes critical to ongoing operations. A standardized operational methodology can help minimize the frequency and impact of these problems by incorporating tools and processes to prevent downtime from affecting the IT environment. In addition, utilizing these tools and processes as part of a larger operational methodology means that the IT department can rely on an established framework to make sure they can detect and solve problems before the problems affect the enterprise at large.
- ☒ **Faster response and resolution times.** When issues do arise, IT organizations must have the flexibility and agility to respond to and resolve problems in a timely manner. With a standardized operational methodology, IT staff can easily reference established policies and procedures when faced with potentially critical situations. In addition, a framework for how to address and escalate potential issues can help with prioritization and optimization in a busy IT department.
- ☒ **Easier to maintain and report on compliance.** Enterprises increasingly look to IT departments to monitor and report on issues that are closely tied to regulatory and compliance requirements. With a standardized operational methodology in place, IT organizations will find it easier to establish and maintain the policies and processes necessary for organizational compliance. Standardized methodologies also help IT departments leverage the best practices from organizations around the world, often allowing for more comprehensive approaches to ensuring compliance for the enterprise.
- ☒ **Efficient application management.** One of the key factors of a successful solution is the efficiency of the postimplementation operations. The E2E solution operations provide efficient application management by reducing time to resolve incidents and correct data inconsistencies, by improving resource utilization for problem diagnosis, and by providing comprehensive knowledge transfer.
- ☒ **Increased focus on innovation.** As highlighted in the Situation Overview section, most organizations spend the majority of their IT resources on maintaining their existing systems. By implementing a standardized operational methodology, an organization can take advantage of best practices and key lessons learned to utilize policies and processes that increase the efficiency and effectiveness of IT resources. This means that IT staff can focus less on maintaining existing systems, and shift toward innovation and growth strategies in IT that can enable business growth throughout the enterprise.
- ☒ **Easier to manage IT outsourcing and integration.** Many organizations face significant costs associated with identifying and standardizing IT operations when considering IT outsourcing agreements or when integrating the IT environment after mergers and acquisitions. Adopting a standardized operational methodology can help organizations evaluate and execute outsourcing activities more efficiently by facilitating collaboration with the service provider or more directly managing service levels. In addition, because all operations processes follow a standard methodology, standardized operations can make it easier for the IT department to integrate acquired companies.

- ☒ **Reduced total cost of ownership (TCO).** By improving expertise and skills, offering standardization solution sets, and providing efficient tools and processes, a standardized operations methodology can help enterprises lower the overall TCO of enterprise software and hardware.

## **RUN SAP: A METHODOLOGY FOR OPERATIONS**

In response to the many challenges facing today's complex IT environments, SAP has introduced Run SAP — a methodology focused on standardizing and optimizing ongoing operations in an SAP environment. The Run SAP methodology is a featured component of SAP Enterprise Support, and it incorporates aspects of the best practices described in the preceding section with capabilities and processes specifically targeted for SAP environments. The Run SAP processes and methodologies are available to all SAP customers that subscribe to SAP Enterprise Support or to SAP MaxAttention.

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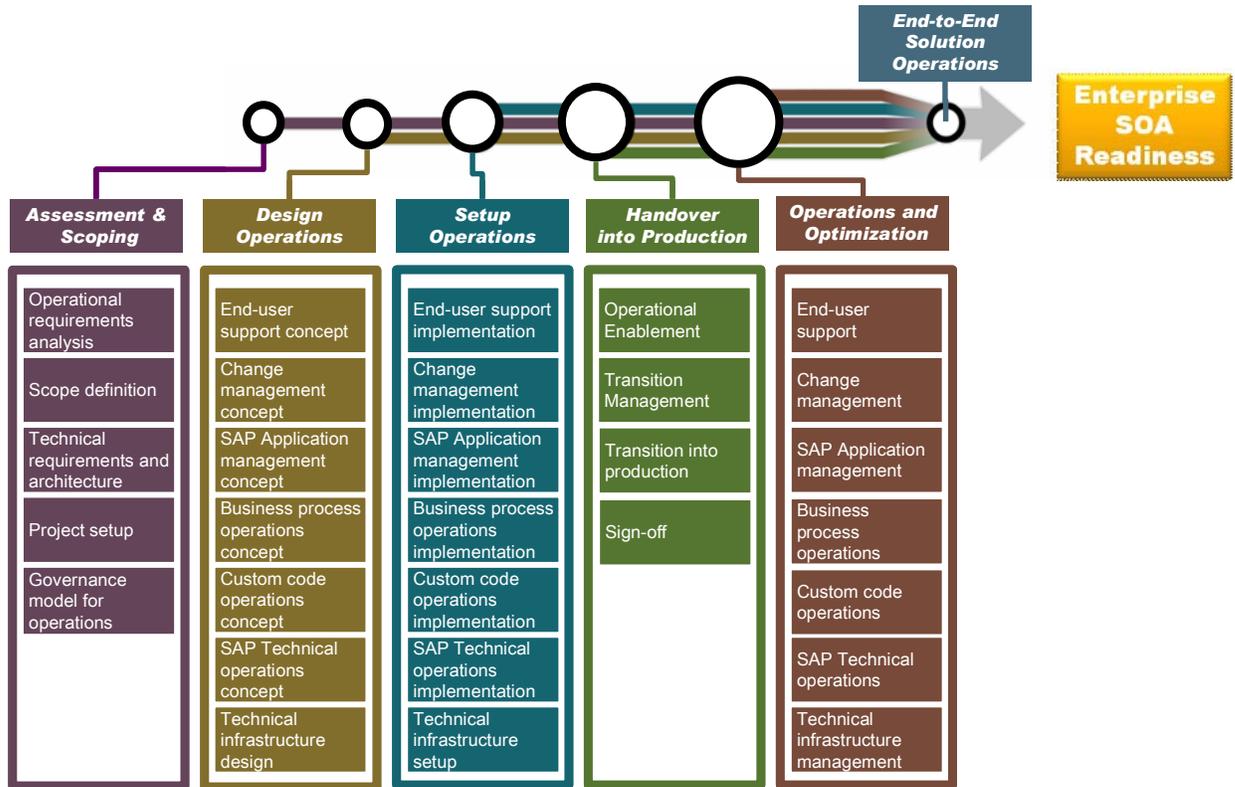
### **Run SAP Methodology Overview**

Run SAP is based on the collective experience and expertise of SAP's extensive ecosystem of providers, customers, and partners. The methodology addresses each phase of the application life cycle and is specifically focused on the best practices and optimizations required for operations in an SAP environment (see Figure 5).

The Run SAP methodology provides project road maps, best practices, and content accelerators that are focused on harnessing the best practices and key lessons learned from SAP providers, customers, and partners around the world. Building an operational framework around these features has allowed SAP to leverage that knowledge for all SAP Enterprise Support customers. IT departments can easily implement the tools and processes that have been successful for other SAP customers, tapping into extensive expertise across the SAP ecosystem.

**FIGURE 5**

Run SAP Methodology



Source: SAP, 2009

As illustrated (refer back to Figure 5), the phases of the Run SAP methodology span the completed application management life cycle. These phases include:

- ☒ **Assessment and scoping:** This phase is largely focused on requirements gathering and scope analysis, with an emphasis on project plans to enable correct setup from the beginning. The phase also includes comparisons with ASAP and ITIL to facilitate better classification.
- ☒ **Design of operations:** This phase introduces many of the aspects of the Run SAP methodology, including change management, business process operations, and custom development management. Most importantly, this phase includes solution documentation — a prerequisite for business process–related functionality in SAP Solution Manager, a tool with functionality that applies across the SAP solution to enable proactive and preventive application life-cycle management.
- ☒ **Setup of operations:** This phase outlines the implementation steps that are necessary for enabling the Run SAP methodology, with a focus on the specific processes that are required for operations in the enterprise.

- ☒ **Handover into production:** This phase walks users through the sequential processes that outline the transition from implementation to production. The steps are focused on organizing a smooth transition into the next phase.
- ☒ **Operations and optimization:** This final phase is focused on postimplementation operations and optimization to ensure ongoing performance improvements throughout the application life cycle.

Run SAP also features methodologies for specific industries, including Run SAP for Retail, Run SAP for Utilities, Run SAP for Banking, and Run SAP for Automotive. These detailed methodologies also include tools and enhancements to SAP Solution Manager that are relevant to industry-specific processes and operations. These customized methodologies and tools can be very useful in the IT environment, with policies, procedures, and features that are directly applicable to the organization's business processes.

The Run SAP methodology is available to all SAP Enterprise Support and MaxAttention customers in the form of documents and templates that outline the processes and policies that make up the methodology. The information is easily accessible at the SAP Web site, where customers can review the aspects of the methodology that directly apply to their IT environment — including details on how to evaluate and implement each phase of the Run SAP methodology. Customers can then download the relevant information and utilize the Run SAP methodology throughout their IT environment.

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## Run Services for Run SAP

As part of the Run SAP suite of products and offerings, SAP has created Run Services to help enterprises looking to better leverage the Run SAP methodology in their IT environment. The offerings are focused specifically on the operations associated with existing IT environments and are designed to incorporate key lessons and best practices from SAP customers and environments worldwide. The services are focused on standardizing existing IT operations and can include the following:

- ☒ **Testing services:** To help organizations assess their suite of existing testing tools and processes, and to make recommendations to reduce the time and resources required to conduct testing activities
- ☒ **Operations optimization services:** To provide guidance in benchmarking, assessing, and optimizing the tools, processes, and structures associated with the operational environment, with a focus on recommendations to reduce the costs associated with running SAP solutions
- ☒ **SAP application management services:** To provide the support required in optimizing and managing the overall SAP ecosystem, which can allow enterprises to redirect existing resources where necessary
- ☒ **Conversion, migration, and landscape optimization:** To consolidate and optimize existing IT system landscapes after a significant organizational event — such as corporate restructuring, updating existing processes, or acquiring a new company — to make sure the IT environment is properly supporting individual business requirements

The Run Services listed can be combined with any other services offerings from the SAP Services portfolio.

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## **Run SAP Training and Knowledge Transfer**

SAP has designed an education curriculum that is specifically focused on the processes and policies that are defined in the Run SAP methodology. The training is targeted for both Run SAP consultants and Run SAP project managers, with courses organized into the following tracks:

- Application Management Expert: Root Cause Analysis
- Application Management Expert: Change Control Management
- Business Process Expert
- Technical Upgrade Management
- Run SAP Project Management

The training tracks run for a total of three weeks, with courses that map closely to the field of expertise and to the Run SAP methodology. In addition, the training classes focus on procedures that enable knowledge transfer from Run SAP personnel to enterprise IT staff to foster adoption and utilization of the Run SAP methodology.

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## **Run SAP Certification Program**

SAP also offers a Run SAP Certification Program for partners in the SAP ecosystem. To participate, providers must be certified SAP Services Partners and must adopt Run SAP methodology into their SAP implementation and operational standards. In addition, partners must create an internal Run SAP practice with a minimum number of certified support consultants (10 certified consultants for Global Services Partners, 5 certified consultants for Local Services Partners).

In addition, all Run SAP certified partners must complete a two-step certification process before they are certified. All partner resources must pass a certification exam to be named certified Run SAP support consultants. In addition, all certified Run SAP partner organizations must pass an audit that demonstrates their internal adoption and utilization of the Run SAP methodology.

## **FUTURE OUTLOOK**

With the increasing focus on new technologies such as unified communications and virtualization, IT departments will continue to grow in complexity over the next five years. Although many of these new technologies are meant to simplify business processes, they will add significant levels of difficulty to managing an IT environment. To enable seamless, problem-free operations, organizations should consider a standardized methodology that is adaptable to their IT environment.

IDC believes that enterprises will be looking for processes, policies, and frameworks for operations that can help them navigate the increasingly complicated nature of enterprise software. Facing this additional complexity, enterprises will require operational guidance from providers with deep expertise in best practices and optimization based on real-world experience.

IDC also expects that enterprises will be increasingly concerned with reducing the total cost of ownership for enterprise hardware and software, especially in the current economic environment. This means that operational efficiency and effectiveness must be a critical part of any operational methodology, with metrics and scorecards focused on tracking and reporting the relevant data over time.

## **CHALLENGES AND OPPORTUNITIES**

IDC believes that the primary potential issue associated with the Run SAP methodology is adoption and utilization by the SAP ecosystem at large. The Run SAP methodology is available to all SAP customers that subscribe to SAP Enterprise Support and/or SAP MaxAttention, and aspects of the program could prove very useful for organizations looking to optimize their IT environments (including SAP solutions) going forward. However, implementing this very detailed methodology will require investment on the part of the enterprise — from not only the IT department but line-of-business managers. In the current economic environment where all organizations are tasked with "doing more with less," finding the time and the resources to implement a detailed program like Run SAP could be challenging for many organizations. For most enterprises, the single step of fully documenting the SAP solution — including all business processes — can be overwhelming. IDC recommends that SAP focus on ease of use and increased adoption for the Run SAP methodology, especially in the ongoing operations and optimization phase. This can take many forms, including delivering training in a variety of settings, step-by-step instructions for each phase of the methodology, detailed templates for the relevant documents and processes, and — most importantly — support resources who are highly trained in the Run SAP methodology and can help clients with questions as they work through implementation, ongoing operations, and optimization. Increasing the adoption and utilization will be critical to the long-term growth and success of the program, and a focus on ease of use upfront will help set up the program for future utilization and enhancements.

In addition, IDC anticipates that balancing a broad, all-encompassing approach to the standardized methodology for Run SAP with specific recommendations for targeted business processes could be challenging for SAP going forward. While IT departments are always looking for solutions tailored to their environment, SAP must maintain the flexibility necessary for wide adoption and utilization across the SAP ecosystem. IDC recommends closely monitoring relevant market changes that could affect the Run SAP methodologies, as well as ongoing customer engagements to ensure that the processes remain relevant and adaptable. In addition, the continued development of industry-specific Run SAP methodologies can help SAP focus on tailored solutions where applicable for larger industries.

IDC also sees the potential for significant opportunities for SAP around building complementary solutions into both Run SAP and the underlying tools and processes (like SAP Solution Manager). Currently, SAP not only offers support for the full SAP lifecycle, but it can also work with complementary applications to deepen and extend its benefits. For example, SAP Solution Manager can utilize the Oracle User Productivity Kit application to meet customer needs for transaction, step-based documentation (e.g., blueprint development, work instructions, and configuration

documentation) during the SAP application life cycle. SAP Solution Manager is also already including upgrade and update information for non-SAP applications. IDC recommends that SAP continue to integrate both tools and processes with non-SAP applications where applicable. As customer environments become more and more heterogeneous, the ability to integrate with all types of applications will be critical for long-term sustainability and partnerships.

## **CONCLUSION**

The IT environment will continue to grow increasingly complex and sophisticated over the next five years, as more enterprises deploy advanced technologies such as unified communication, service-oriented architecture, and virtualization. Maintaining existing enterprise hardware and software in these conditions can seem overwhelming, with complicated integration and support issues coupled with the need to ensure availability of mission-critical business processes. To maintain peak operating performance across the IT environment, enterprises should consider deploying a standardized operational methodology that can help reduce risk and improve system reliability by ongoing optimization. In addition, a standardized methodology for operations can be critical to managing the total cost of ownership for the IT environment. This can help enterprises maintain and support existing infrastructure more efficiently, resulting in potential cost savings and the ability to shift resources to initiatives focused on innovation and competitive advantage.

To better meet the needs of demanding customers, SAP is offering the Run SAP methodology as part of the SAP Enterprise Support and SAP MaxAttention support offerings. IDC believes the Run SAP methodology is well suited for customers that are looking to standardize their operational environments to improve IT efficiency and effectiveness, with an eye toward better managing the total cost of ownership. By utilizing the Run SAP methodology, these customers can take advantage of the extensive experience and expertise reflected in the detailed processes outlined in each phase of the methodology — as well as the tools and utilities that support Run SAP throughout the enterprise.

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