Podcast Transcript: How BPX is Helping SAP Customers Achieve REACH Compliance

Summary

This document provides a transcript of the podcast about REACH and the BPX Community, hosted by Jon Reed of JonERP.com, and recorded with Kieran O'Connor of SAP AG.

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Interview

Jon Reed: Hi, welcome to this special SAP BPX community podcast. I'm your host, Jon Reed of JonERP.com, and joining me today is Kieran O'Connor, who is the Communications Lead with the Process Industry cluster at SAP AG. In this podcast, we're going to take a look at how the BPX community is impacting the chemicals industry. In particular, with the REACH compliance initiative in Europe, BPX is helping to save SAP customers money and improve their business processes. I see this as a great model for how SAP's online communities are actually impacting the bottom line for SAP customers, and I'm eager to learn more about it from Kieran today.

Kieran, let's kick off by hearing about your role at SAP and how you first got involved in REACH compliance work.

Kieran O'Connor: I'm with a Business Operations team that works with a number of the industries here in SAP, one of them being chemicals, the others being oil and gas and also mill products and mining. I have several hats here, but one of the roles is in the BPX community. With the development and the conceptualization of this REACH compliance solution, the product owner here and the project group asked me to look at a way of getting an online or virtual platform whereby the stakeholders in the REACH compliance solution, plus the extended community, could communicate with each other and look at streamlining the ramp-up processes.

They're also looking for validation from customers, partners, consultants, etc. This was kind of the broad overview of my initial involvement with REACH compliance and, to that extent, we've created a few different spaces within BPX and the sister platform in order to facilitate this.

Reed: For those listeners who aren't familiar with REACH compliance, can you tell us how this standard came about and which countries it applies to?

O'Connor: It is quite broad legislation. The REACH legislation itself is an acronym for Registration, Evaluation, Authorization and Restriction of Chemicals. Despite the name, even though it explicitly sounds as though it's just specifically for the chemicals industry, this legislation has a broad range because it touches oil and gas, consumer products, quite a large number of industries. It's based on EU directives that were drafted and came into force in 2007, and really what they're talking about is registering and restricting, evaluating and authorizing around 30,000 different substances to make them compliant to ensure safety and also traceability of these substances.

Even though these are EU directives, it doesn't only affect companies within Europe: it also affects companies that are doing business with European companies because any substances that are imported within the EU also have to comply with this legislation, so it's quite broad ranging.

Reed: You tripped me up there on 30,000 substances – that is a massive undertaking.

O'Connor: It certainly is, it's not to be balked at. I think there's an estimate that within the first three years of compliance with the legislation, the average company is looking at upwards of 15,000 compliance projects, so it's a fairly daunting prospect for companies in this area.

Reed: I take it that SAP presents a great platform for addressing all these 30,000 entries within SAP's scope, so I wanted to find out which areas of SAP are tied into REACH compliance and also about SAP's partner, TechniData, that is also involved here.

O'Connor: The REACH compliance solution itself relies on the portfolio that lies within the EH&S solutions that SAP has provided for the past number of years. Indeed, the partner, TechniData, has been working with

SAP on a lot of these EH&S solutions going back over 10 years, so TechniData not only works with our industry unit here in chemicals in SAP, but across the process industries.

Reed: Now we move into the part of the podcast I was really looking forward to: how the BPX community is playing an active and successful role in helping SAP customers to achieve REACH compliance. Can you tell us more about how the BPX community is helping customers make the process changes they need to become compliant?

O'Connor: The great thing about BPX is that you're reaching a wide audience, but because they separate themselves into communities voluntarily, then by just talking to people through BPX you're really targeting an expert group in a specific field. When we look at REACH, the initial blogs that went out about REACH date back to early to mid-2007 where the initial discussions about REACH compliance and the implications of the legislation at the time were discussed in a couple of blogs between our chemicals product owner in REACH compliance here, Marko Lange, and a TechniData colleague, Karl-Franz Torges.

Since then, we've been able to just extend our scope of experts through BPX by creating a few blogs, and they're pointing to some of the implications of the legislation and also pointing to the – at the time it was the compliance solution in development – and subsequently set up Roundtables.

Now a Roundtable is a separate environment: it's in parallel with BPX, but it enables us to set up a hosted area where the REACH experts, consultants, customers, and ecosystem partners can actually get in there, look at the breakdown of the REACH compliance legislation, look at the solution, look at business processes in their companies if they're coming from the customer community, or at their clients' business processes if they're coming from the extended ecosystem, and just look at ways of how the compliance solution can help them.

The Roundtable itself is an online forum, and it's public, by the way, so it enables anyone with an interest in the REACH legislation and the REACH compliance solution to actually get in there to look at and evaluate the discussions of others, to lend their support, to download documents and presentations, and also just to look at future releases of the REACH compliance solution, to perhaps look at further challenges down the road and help in that way. It enables us to have an enormous project that, if you were to take it offline, would involve so many logistics, and put it in an area online in a virtual community and have it discussed very efficiently, very smoothly and obviously without the travel costs involved.

Reed: SAP put out some customer stories about REACH and BPX, and the stories talked about how the BPX community can help to achieve clarification around the gray areas of compliance, which interested me because obviously most companies are dealing with compliance in one way or another. How would a company get involved in this kind of discussion?

O'Connor: First of all, in BPX, for instance, there's an area called Governance, Risk and Compliance, which covers a multitude of topics under those three broad headings. Under the CSR, (Corporate Social Responsibility), you've got areas covering sustainability; under the Chemicals Industry section of BPX, we've got links to Roundtables on areas of compliance that are related to manufacturing excellence, such as Perfect Plant pursuits, Energy Management; and, indeed, under the manufacturing community of BPX, you've got further compliance discussions that are ongoing there.

What I'm trying to do within the chemicals area of BPX is to just ensure that there is connection with all these areas so that, if a person is going into one area such as Energy Management or into Perfect Plant, they can orientate themselves, they can see that there is parallel discussion going on in related areas around the BPX community. I think that's very important because you can have people that are coming from seemingly very different backgrounds, very different industries and getting in there and, obviously, compliance is something that isn't just an issue with manufacturing industries: it's something that is the hot topic today and is on everyone's agenda, so we need to get as much broad discussion there as possible so that we can see the different perspectives. BPX allows us to do that because you've got a myriad of perspectives in a community

that can be interlinked.

Reed: When I was reading through these REACH customer stories, one of the things I was struck by was how compliance issues are no longer just EH&S issues for a handful of professionals within a company; they're touching on professionals throughout functional areas. It's no longer a silo approach, and I guess you probably see how BPX can help a company start to get a handle on that across a range of business roles and processes, right?

O'Connor: Certainly. The profile of a BPX, or Business Process Expert, extends from C level right down throughout every area of the company – maintenance, engineers – so you've got all the business processes all along the way in all aspects of the value chains that just need to be linked with their respective compliance needs.

Reed: The BPX community continues to help SAP and TechniData define these specifications of further development efforts using the BPX community wiki. For those who haven't used a wiki – it's a word that's almost hard to wrap your head around in a corporate setting – what are the advantages of this type of collaboration versus more of a traditional development model?

O'Connor: Well, wiki itself is an incredible development in the use of the online tools. First of all, if you're talking about community, then communication is integral to any community. Unless people are communicating with each other, they can't really say that they're part of the community, so the wiki enables this because you can have collaboration at a level that was not possible before.

For instance, if you wanted to establish a project a couple of years ago, then you'd be relying heavily on, if you're dealing with a global organization, email traffic. You can now efficiently manage your project by having a wiki because you're not sending documents to different locations; you're encouraging people to just to visit the one wiki document and if they have uploads to make, if they have versions to change, they can do so very efficiently.

But even in the social sphere, I think a lot of these Web 2.0 developments are taken for granted by kids: they're using different web sites to share photographs and share videos, and really these industries are just catching up with that because you can use these tools to effectively share documents, set milestones, set timelines and deliver on it. It saves us.

Of course, in doing so, you're not going to rule out the need for face-to-face meetings because you can have as many virtual meetings as you like, but you will, at some point, have to have a face-to-face meeting. But what wiki is doing is expediting projects; it's encouraging people to think in a different manner because they're able now to share to a broad audience and get feedback – their ideas, their views, their thoughts on different topics.

It's accelerating areas of top leadership in the industries that I'm looking at. It also facilitates collaboration between different companies on specific projects, which I think is good for all because it enables everyone to leverage expertise that may not be within their own firm, and deliver value for customers, deliver compliance for the general public, which is obviously a good thing.

Reed: So, let me make sure I have this correct – you're saying that if I learn how to collaborate on a wiki, I can not only improve my development process, but I might actually be able to get less email?

O'Connor: You certainly could do that because you're not only cutting down on the number of emails that you need, but I think it's even more difficult to run a project by email. It's almost impossible, because the only way you can check back on the latest version of a document, for instance, is by going to the dates the emails arrived. Depending on your positioning, if you're working on a project that is involving a team in India and the U.S. and Europe for instance, then with the time zone differences, people may be sending in their versions of

the document and people in another location are updating a previous version of the document, so you can't effectively manage things via email.

You transfer it to a wiki, and people are able to go in and make their changes, make their updates, give their comments, give their views and you can create different versions of a document that are dated online so you've got the information you need at the right time.

Reed: One phrase I saw to describe this trend we're talking about today is the "customer-focused SAP ecosystem in action." Do you see other ways this ecosystem can help SAP customers?

O'Connor: Certainly, one primary area of the customer-focused ecosystems within the SAP industry setup is called the Industry Value Network initiative. Industry Value Networks are specifically designed to address customer needs within one industry area. Within process industries, for instance, we've got separate Value Networks or IVNs established for oil and gas, for mining, for chemicals, and also within the mill products area for forest and paper.

Now, the whole drive behind Industry Value Networks is to ensure that we can provide end-to-end solutions for customers by leveraging the expertise from a broad range of software vendors, system integrators and technology vendors. This has been the IVN initiative, which has been running for the past two years, so it's quite well established. We work also closely with key customers in these industries to ensure that we're on the right track and they provide a steering influence for us.

The idea is to give a single point of entry to best practices and business processes, and also access to solutions where you can lower the TCO or the Total Cost of Ownership for customers within that industry and also accelerate and increase the return on investment.

I suppose one key thing to mention is that TechniData, who worked with SAP on this REACH compliance solution, are members of a number of the Industry Value Networks in the process industry area. The expertise, the experiences that a company like that will bring from the chemicals arena, they can also give the benefits of that expertise to other areas such as oil and gas and the mill products arena.

Reed: Kieran, there's a lot more we can say about these issues, but we're running out of time and we've covered a lot of good ground today. Is there anything we haven't covered that you'd like to touch on?

O'Connor: I touched earlier on the Roundtable for REACH, which has been established in an area called the Collaboration Workspace from SAP. The Collaboration Workspace is yet another new development from the BPX community, and it's available on a sister platform to the BPX community. But the REACH Roundtable is a public area, so those interested in the topic or those who have something that could be shared with the community are more than welcome to dive into the Roundtable, see what's high on the agenda there and start a discussion or comment on any of the blogs that are in there.

Reed: Well, Kieran, it's time for us to wrap. Thanks for your excellent comments. I appreciate you joining us today and we'll continue this conversation on the SAP BPX web site for sure.

For those of you who haven't joined BPX yet, it's free to register and if you're already an SDN member, you can join BPX by checking the BPX box on your SDN profile. I'd like our listeners to note that in our text description of this podcast, we will include relevant links, including a link directly to the BPX chemicals industry as well as the REACH Roundtable link, so look for that online.

On that note, I'd like to thank our listeners for joining us today for this BPX community podcast. Thanks again to Kieran O'Connor for joining us and sharing his insight on how BPX is enhancing the value proposition for SAP customers. With that, this is Jon Reed from JonERP.com signing off. We'll see you online soon at BPX.SAP.com.

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