

White Paper

How to Achieve Quick and Cost-Effective SAP Projects



1. Introduction

The reasons for Enterprise Resource Planning (ERP) systems are well known, as it harmonises the management of key business functions across all organisational sites.

This enhances business value, credibility, and efficiency, as well as facilitating growth.

In addition, organisations benefit from improved compliance and transparency; making it easier to optimise operations and expand business capacity through mergers and acquisitions.

Of the ERP solutions available, SAP is the market leader, frequently chosen by medium and large enterprises as their preferred ERP platform.

However, SAP initial implementation and upgrade/enhancement projects frequently fail to meet their business objectives particularly with regard to Cost, Quality, and Delivery.

This white paper examines common factors that contribute to these failures.

It analyses strategies for overcoming the challenges, providing valuable insights for enterprises seeking to deploy SAP swiftly and effectively across their network of business operations.

2. Maximising SAP's Potential

2.1 Setting achievable milestones is the main success factor



Business strategy objectives and deadlines are often determined by teams lacking the necessary experience to define them.

Additionally, there is typically a lack of a formal decision-making framework for the project, with suitably empowered and engaged stakeholders. In fact, it is debatable whether such stakeholders exist at a global level.

When activities are delegated or outsourced, the team responsible for providing estimates often faces pressure to propose dates that align with business objectives.

As a result, many large-scale projects often experience tremendous pressure due to inadequate contingency planning from the beginning.

Fooling yourself with respect to project status gets you in the end

SAP projects, being high profile and typically initiated at executive level, involve a responsibility hierarchy with vested interests in ensuring timely completion. This can lead to a tendency to take shortcuts and overlook potential challenges, all in the hope that everything will work out in the end (this characteristic is known as optimism bias). The desire to meet targets at any cost, with credibility and incentives at stake, may ultimately lead to an incomplete or unsuccessful project.

Encouraging open debate nips problems in the bud

Frequently, the project team is well aware of critical issues and potential risks. However, openly raising these concerns might not be in their best interest, as such transparency could lead to them being held accountable for project delays.

However, it eventually becomes apparent to all stakeholders that the system isn't adequately prepared for deployment, prompting a last-minute extension of the project timeline resulting in a loss of credibility in the project and product.

Shortcuts will result in unexpected consequences

If, by taking shortcuts, a project does manage to complete on time, the company can suffer the consequences for years to come, and the ongoing Cost of Ownership (COO) may far exceed initial estimates.

In summary, unrealistic deadlines can lead to decisions that are not in the best interests of the business. Shortcuts will be taken, preventing the project from fully realising its potential benefits and delivering the desired outcomes.

2.2 An agreed rollout approach is essential

SAP caters for the complete range of business functions, from finance through to manufacturing/distribution, sales, and marketing. Each function has its own specific requirements and inevitably uses a subset of the products features.

Multiple sites increase the complexity

In large enterprises, these functions are often located in multiple sites across one or more countries.

Historically, each location will have developed its own processes, and these methods might vary from place to place, especially if the company grew by acquisition.

Some processes will inevitably reflect local business practices, laws, and currency rules.



Mitigate the risks by choosing the right approach for your business

There are two approaches that can be employed to determine business requirements.

Site-Specific approach

The first approach is to identify the needs of one site (e.g., the key business site) and fully implement SAP in that site with the intention of rolling out the same solution across the remaining sites.

Risks increase directly proportional to the number of sites

This approach is high-risk, as during the rollout across the other sites, differing processes will be highlighted, leading to costly customisations, or forcing the site to adapt to an inefficient process (with a consequent hit to morale). The result could be a late implementation, rising costs, and a much-delayed realisation of the benefits.

Business-Centric approach

The second approach involves understanding the business requirements across all sites, categorised by business functions. This helps in identifying the diverse process variations associated with each activity.

Standardised processes increase business efficiency

Once this information is collected, standardised processes can be formulated to meet the needs of all sites. Each site can then make slight adjustments to their existing processes as necessary.

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Consider the following site-specific scenario:

A global manufacturing company operates multiple factories across different regions.

Initially, they outline a comprehensive plan to implement SAP in stages, estimating two years for the first factory and an additional three years to gradually extend the solution to the remaining factories. At first glance, this plan seems viable.

However, practical implementation reveals unforeseen hurdles. After successfully introducing SAP in the first factory, they realise that the second factory operates distinct processes and produces different products. As a result, they extend the timeline for this factory to accommodate further tailoring, consequently adjusting their rollout strategy.

Subsequently, they encounter a recurring pattern: each factory presents unique attributes that require tailoring. This process not only escalates costs but also elongates the implementation timeline.

Gradually, it becomes evident that the entire rollout could potentially extend over two decades, far surpassing the support lifecycle of the current SAP version and undermining all the reasons for selecting this ERP system.

Versus the business-centric approach:

A similar company has chosen to implement SAP using the same strategy, namely, beginning with one factory and subsequently rolling it out to the remaining ones.

However, prior to finalising the implementation plan, they initiated a separate project to conduct a comprehensive site-wide blueprint. The objective was to understand the diverse business requirements across each of their factories. Key goals included process configuration wherever possible, minimising customisation, and employing add-on applications to enhance user-friendliness in operations.

The varying requirements were identified, and process changes were agreed upon with each of the factories. While this process took longer than initially anticipated, it successfully achieved all the intended outcomes.

After the completion and approval of the blueprint, they were able to adjust and successfully execute their implementation project according to the revised estimates.

The ownership costs remained within budget expectations, and subsequent upgrade projects were planned and executed successfully.

2.3 A foolproof business blueprint helps guarantee success

In this context the term 'business blueprint' refers to a comprehensive documentation of an organisation's business processes and requirements, accompanied by a strategy for translating and integrating these processes within the software system.

The project team is often under pressure to complete the blueprint of the requirements within the planned timeframe, even if there are still outstanding activities. This is because, at this point, there is nothing tangible to show for the investment incurred, and concerns arise about the potential impact on the subsequent stages of the project.

Resisting pressure to prematurely complete will avoid cost overruns



However, this approach is definitely a false economy, as it risks basing the implementation on unproven requirements.

This results in numerous change requests during the remaining phases of the project, often extending well beyond the system's initial deployment.

Change requests can be resource-intensive and expensive, so while they are unavoidable, it's important to minimise their frequency.

The business blueprint provides the core information for the test strategy. Consequently, an incomplete blueprint can lead to ineffective testing, which may give rise to issues after the system goes live.

The general rule is that:

The higher the quality of the business blueprint, the more likely the project will be completed on schedule.

On the other hand, an inadequate business blueprint will demand extra time and costs to attain the desired level of quality, possibly leading to an abandoned project.

Therefore, sufficient time must be allocated to the business blueprint before moving to the next project stage. If these activities take longer than expected, then more time should be allocated to them, and the following stages replanned.

It should, however, be recognised that project scope invariably evolves as users familiarise themselves with the new system so blueprinting should be considered an iterative process continuing throughout the project duration.

2.4 Re-planning results in a good plan

Due to the high level of 'unknowns' It is impossible to create an accurate project plan before the blueprint phase has taken place.

As the project progresses, the number of unknowns naturally decreases, but the most effective way to reduce risks is to replan the project following the completion of the blueprint.



Be prepared to reset expectations

Relying on a plan prior to the blueprinting phase poses significant risks and puts unnecessary pressure on the project team. If they are bound to the original dates, they may be compelled to make rushed decisions in an attempt to keep the project on track. These decisions often involve expanding the project team size, which can prove counterproductive, and compromising aspects such as functionality, testing time, training time, and other critical areas.

Unfortunately, this approach usually only postpones or conceals the problem; leading to an eventual decision to push back the go-live date. Often, this occurs at the last minute and results in credibility issues throughout the management chain and a drop in morale within the project team.

The project going live doesn't mean it is finished

When a project, founded on an insufficient business blueprint, eventually goes live, a considerable amount of cleanup work is often necessary. This results in significant costs in the months to follow. Furthermore, certain features may never be properly implemented, thereby preventing the realisation of the expected benefits.

It is therefore important to review the current plan after every significant project phase. If it appears unfeasible to accomplish, even in the face of pressure to adhere to the predetermined launch dates, the plan should be re-evaluated and adjusted accordingly.

2.5 SAP has downsides that limit its ability to deliver

During the initial implementation or upgrade of SAP, it is crucial to acknowledge that it is a legacy product rooted in the previous century. Certain elements of the product restrict its potential. This is particularly true in terms of **usability**, **mobility**, and **out-of-the box flexibility**, as well as **training** and **support** requirements. Identifying these issues early on is essential to avoid poor performance and increased operational costs.

Poor user experience leads to operational inefficiencies



The user experience (UX) is predominantly founded on the standards of the 1980s and 1990s, predating the era of mobile applications.

Consequently, the demand for training is significantly higher compared to products featuring a contemporary UX.

Individuals accustomed to 'teach yourself' web and mobile applications often encounter considerable confusion when introduced to SAP.

Without adequate training, support, and user guides, they may experience diminished productivity and an increased likelihood of errors in their work.

Mobile users are poorly served

Standard SAP is a desktop application with no support for mobile devices. This means that users must access an SAP installed terminal (PC or laptop) to interact with the system.

For office-based users this is not generally an issue because they are working at a terminal as part of their usual business.

For non-office users this means that if they wish to update SAP with for example manufacturing or sales data, they must interrupt their usual workflow to access and log into an SAP terminal. This approach introduces potential drawbacks: SAP may not consistently reflect real-time situations, and users who update SAP post-event expose the system to the risk of data errors, particularly when updating information on behalf of another individual.

Out-of-the-box flexibility is not one of SAP's strengths

SAP isn't a plug-and-play solution. It is a generic product with highly comprehensive features supporting a wide range of industries, applications, and business functions. For this reason, companies invest a large amount of time and money configuring and customising the product to suit their needs.

Owing to the complexity of defining business requirements, coupled with the substantial costs associated with their implementation, solutions often tend to result in a compromise. While priority operational aspects are significantly enhanced, lower-priority elements may be less well designed. This can lead to the need for ongoing support and adjustments in configuration and customisation.

Inadequate training and support results in unnecessary extra costs

An adequate budget, including contingency funds, is often allocated for user and super user training and support when introducing SAP, or undertaking upgrade projects.

However, after the project's completion, the practice often shifts towards having existing users train new users, sometimes resulting in an inadequate budget for training and support. This creates the risk of diminished productivity, increased data errors, and an inability to realise the system's full benefits.

Organisations encountering these challenges often find themselves needing to allocate substantial unplanned resources to address these issues.

Planning for the real cost of ownership ensures lifetime value

When companies make the decision to implement SAP, their focus often centres on the significant benefits offered by ERP systems, potentially leading to an underestimation of the associated financial costs. While license costs can be measured, and project costs (including contingencies) can be estimated, the ongoing cost of ownership (COO) is frequently grossly underestimated.

Accurately estimating the cost of ownership is essential. Ongoing costs result from:

- Training and support requirements due to poor user experience
- Maintaining data integrity and housekeeping after going live, which typically leads to a broader range of data that needs to be managed
- Configuration and customisation due to inadequately analysed or evolving business processes

Be open minded on how to obtain maximum ROI

The often-underestimated opportunity cost of not fully realising the system's benefits is also a significant factor to consider.

For many businesses, these operational costs lead to disillusionment, decreased morale, and an inclination to seek more economical alternatives.

2.6 Strategies to minimise risk will have a payback

Keeping a small project team size returns better results

Maintaining a small and manageable project team is a good approach to keep costs low and execute an efficient project. This can be achieved by assembling a group of highly skilled and experienced professionals.

A common tendency is to expand the project team in an effort to shorten the project timescale. However, underestimating the significance of team members' expertise and lacking sufficient skill levels can result in higher costs, prolonged activities, and a lower quality solution.



Excessive customisation leads to a high cost of ownership

The alternatives for tailoring SAP to suit business requirements are either by configuration or customisation.

SAP is a highly configurable product enabling support for many business processes. It also offers extensive customisation capabilities allowing for the addition of features to the standard GUI (using the ABAP language) or the developing of Fiori web-applications.

Customising SAP (as with any software development project) tends to be a costly, labour intensive and risky process. The complete range of software lifecycle activities must be performed from user requirements definition right through to testing and training. Any aspect of the lifecycle that is inadequately addressed introduces risk to the solution's cost, quality, and delivery.

Incorporating add-on applications significantly reduces costs

The introduction by SAP of the UI5 development framework (which ensures a standardised user experience for applications that can run on any device) has led to the creation of numerous off-the-shelf applications that are specifically designed to overcome the known shortcomings of standard SAP.

These solutions, often low-cost, provide a contemporary user experience, are compatible with mobile devices (e.g., tablets and smartphones), offer full configurability, require minimal training and support, and have been tried and tested by numerous businesses. Thus, they effectively address all the primary criticisms of standard SAP.

When issues have been identified in key business processes (such as master data management, material resource planning, or purchase document tracking), companies should always prioritise seeking ready-made off-the-shelf solutions over considering the development of customised ones.

3. Summary

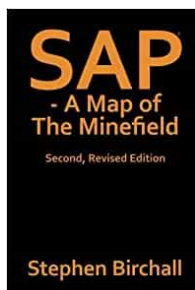
The impact of Enterprise Resource Planning (ERP) systems on business processes and growth is undeniable. SAP, as a leading solution, offers considerable potential. However, it requires a comprehensive understanding and strategic approach. It is essential that initial implementation and upgrade/enhancement projects allow for and address critical factors in order to achieve a successful outcome.

Striving to meet aggressive deadlines and incomplete blueprints can lead to substantial consequences, compromising project integrity and long-term success. An efficient implementation involves a meticulous assessment of business requirements and an emphasis on thorough planning.

Realising SAP's full potential entails addressing its limitations in a more radical way. This is most cost effectively achieved by using add-on solutions to mitigate these shortcomings.

Ultimately, a holistic approach to SAP deployment, combined with proactive risk mitigation, enables businesses to harness the true power of this system and achieve sustainable growth and success.

4. References



For companies implementing or upgrading SAP the book - **SAP A Map of The Minefield** - although published in 2015 and before S/4HANA and Fiori became commonplace, contains recommendations that still apply today.

The author, **Stephen Birchall**, a very experienced SAP consultant (who helped SAP develop some of their certification courses), discusses the reasons why the projects he participated in succeeded or failed to meet their planned goals and the benefits of configuration over customisation.

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White Papers

Discussion papers demonstrating how the use of web/Fiori add-on applications enhances user productivity and enables companies to maximise their ROI from SAP

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5. Glossary

Term	Definition
COO	Cost of Ownership
ERP	Enterprise Resource Planning
GUI	Graphical User Interface
ROI	Return On Investment
SAP	The world's leading ERP software vendor
UI5	SAP user interface for HTML 5
UX	User Experience

6. About

The Author	John Roberts is the Technical Director of Asaptek Ltd, with over 25 years of expertise assisting manufacturers worldwide in optimising their business processes, reducing costs, and ensuring regulatory compliance. Throughout his career, John has actively contributed to SAP project teams for leading multinational corporations, offering insights into common challenges they face.
Asaptek	Asaptek specialises in providing SAP web/Fiori source-to-pay (S2P) applications, designed to enhance productivity, and provide flexible access to critical business information. Trusted by companies worldwide, Asaptek is the preferred solution for optimising inbound supply chain management and achieving operational excellence. Launched in 2016, the product suite quickly gained popularity and is now used by hundreds of companies in North and South America, as well as Europe.
	

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