

## THE THREE DIMENSIONS OF SAP BUSINESS ByDESIGN SET THE STAGE FOR GROWTH

### EXECUTIVE SUMMARY

#### Who is SAP?

SAP is one of the very few ERP solution providers with instant name recognition across the globe. By sheer numbers, SAP is a market leader, but is also well-known for its very comprehensive solution for large enterprises. However, 80% of SAP customers are small to mid-size companies.

Some facts about the company:

- ✓ Over a quarter of a million customers in 188 countries
- ✓ 74,000+ employees and locations in more than 130 countries
- ✓ 44-year history as a solution provider
- ✓ Annual revenue (IFRS) of € 17.56 billion
- ✓ Listed under the symbol "SAP" on stock exchanges, including the Frankfurt Exchange and NYSE

*In [Cloud ERP: The Great Enabler of Growth](#), Mint Jutras examined how Enterprise Resource Planning (ERP) solutions delivered as software as a service (SaaS) help companies fuel and simplify growth by addressing people challenges and mitigating risk, while maintaining governance and control. Cloud solutions enable you to fail (or succeed) faster, allowing you to focus on the next and best opportunity for growth. While some of the factors that enable growth are inherent in any SaaS solution, not all cloud ERP solutions are created equal. Targeting mid-size and fast growing companies, SAP claims its SAP Business ByDesign is designed specifically to help these companies grow and maximize profits. In this report we investigate the merit of those claims.*

*SAP Business ByDesign was born in the cloud in 2007, long before "Run Simple" became the mantra of SAP. Yet the initial objective was to simplify, delivering a 100% cloud-based solution for the small to mid-size enterprise (SME), while also fully leveraging SAP's experience and infrastructure. Instead of reworking an existing product, SAP took a "start over" approach, and over the past seven years has developed and refined a three dimensional design philosophy. Those three dimensions: simplicity, flexibility and extensibility. This philosophy is a perfect prescription for a growing company that needs to get out of the gate fast, but has not yet reached, or perhaps even determined its final destination. How does SAP do that?*

### ABOUT SAP BUSINESS BYDESIGN

Before we answer that question, it is important to understand what it is. SAP Business ByDesign is a cloud-based ERP solution delivered exclusively as software as a service (SaaS). Instead of the traditional approach of building out modules like accounting, purchasing and inventory, then later fleshing out the product with features that bring them all together, SAP designed and developed SAP Business ByDesign in much the same way a business develops and grows. It created business process scenarios like order-to-cash, procure-to-pay, and intra-company stock transfers (see sidebar, next page). Some of these business scenarios may sit within a single functional area of the business, but more likely, they might span many different functions. This is a little harder to do. With the scenario approach, the designers and developers

## SAP Business ByDesign Business Scenarios

- ✓ *Cash and Liquidity Management*
- ✓ *Customer Contract Management*
- ✓ *Customer Return Management*
- ✓ *Demand Planning*
- ✓ *Expense Reimbursement*
- ✓ *Field Service and Repair*
- ✓ *Financial Closing*
- ✓ *Fixed Asset Management*
- ✓ *Intra-Company Stock Transfer*
- ✓ *Make-to-Stock*
- ✓ *Marketing-to-Opportunity*
- ✓ *Order-to-Cash (Standardized Services)*
- ✓ *Order-to-Cash (Project-Based Services)*
- ✓ *Order-to-Cash (Sell from Stock)*
- ✓ *Order-to-Cash (Third-Party Order Processing)*
- ✓ *Order-to-Cash (Specified Products)*
- ✓ *Payroll Services*
- ✓ *Physical Inventory Management*
- ✓ *Procure-to-Pay (Non-Stock)*
- ✓ *Procure-to-Pay (Services)*
- ✓ *Procure-to-Pay (Stock)*
- ✓ *Product Catalog Management*
- ✓ *Product Definition*
- ✓ *Product Development*
- ✓ *Product Engineering*
- ✓ *Project Management*
- ✓ *Quality Assurance*
- ✓ *Request-to-Resolve*
- ✓ *Resource Management*
- ✓ *Strategic Sourcing*
- ✓ *Supplier Return Management*
- ✓ *Time and Labor Management*
- ✓ *Workforce Administration and Authorization*

need to understand more than one functional silo of the business. They need to understand how the business actually runs.

But SAP already had accumulated this expertise through many years of defining requirements, doing functional designs, developing best practices. It just needed to leverage all this experience and reinvent, redesign and deliver it for a new target market - mid-size and fast-growing companies and subsidiaries (business units, divisions) of large enterprises.

Yet the target market for SAP Business ByDesign is not defined entirely by company size. Needs vary based on industry and product offerings of potential customers. Traditionally companies fall into two distinct categories: those that make, move and/or sell physical goods and those that build their business on providing services. Typically ERP products are designed to focus on one or the other, but not necessarily both.

While this worked well for decades, today many businesses are a blend of the two categories. The first SAP Business ByDesign customers came from both of these two different worlds, and happened to be representative of the realities of today's changing business climate. By the time the dust settled on the early versions of SAP Business ByDesign, SAP found it could effectively support both categories, as well as blended businesses.

This is particularly key during growth and expansion. Even if you are purely one or the other today, it is likely you will not be tomorrow. And as you extend your footprint internationally, different locations (which if in different countries will be different legal entities) and subsidiaries might play different roles in the organization.

## HOW SAP BUSINESS BYDESIGN ENABLES GROWTH

In order to enable growth a solution must be broad (in terms of functionality), flexible and extensible. We have also seen how cloud ERP can be an important enabler of growth. SAP attacks these requirements with a modern and modular architecture that was born in the cloud. It delivers a next generation user experience that continues to evolve and a business configurator that has become the gold standard within SAP, helping organizations adapt as they grow and change. And finally, it embeds reporting and analytics right in the application itself so that continual oversight and analysis does not become an afterthought.

SAP Business ByDesign is modular by design. This should not be confused with simply being comprised of a set of modules. By definition, any ERP solution is an integrated suite of modules (see definition, next page). It is how modules are coupled together, or in the case of SAP Business ByDesign, how they are decoupled, that makes a solution flexible or rigid.

### Definition of ERP

*Mint Jutras defines ERP as an integrated suite of modules that forms the operational and transactional system of record of your business. It includes all the master data needed to support the full cycle from order to cash, including a full audit trail of all transactions. While this is our minimal definition, most complete and modern ERP solutions, including SAP Business ByDesign, do much more than this today.*

### Business Scenarios– New Sales Office

*The following Business Scenarios delivered by SAP Business ByDesign may be required:*

- ✓ Marketing to Opportunity
- ✓ Customer Contract Management
- ✓ Demand Planning
- ✓ Order to Cash
- ✓ Procure to Pay
- ✓ Product Catalog Management
- ✓ Strategic Sourcing
- ✓ Project Management
- ✓ Others....

This decoupling is delivered in a variety of ways. First, business logic is decoupled from the user interface, allowing for ease of translation and also the reuse of logic and services across any number of different types of interfaces. The same transactions can be triggered whether you are using the product through a browser on a desktop, a mobile application or no user interface at all (automation). And these transactions can be personalized.

Personalization within SAP Business ByDesign is achieved through a “Business Configurator” that takes advantage of the pre-defined business scenarios referenced earlier and a rules-based catalog. Together these allow each customer to tailor the solution to specific needs by interacting in business language, not code and without invasive customization. These business scenarios map the workflow of a business process through the various functions of the solution. Selecting a pre-defined scenario automatically selects all the functions necessary during initial implementation. Customers can then selectively fine-tune the settings immediately or as business conditions or organizational structures change.

In adapting to change and managing growth, you also need to analyze the potential of growth opportunities. For this you need analytics. While traditional reporting answers your questions, analytics help you ask the right ones.

SAP Business ByDesign embeds analytics directly into the business scenarios. The analytics are browser-based and available on mobile devices, complete with alerts that can be sent in real time. SAP makes extensive use of dashboards, which business users can create or personalize for themselves. But SAP didn’t turn its back on business users’ almost universal love for spreadsheets. Offline analysis using Microsoft Excel is still possible.

### FEATURE/FUNCTION: GROWTH MAY REQUIRE MOVING BEYOND ERP FUNCTIONALITY

The growth and development of SAP Business ByDesign has followed a path that models the growth and expansion of a business. And sometimes this means needing something well beyond the traditional scope of ERP quite early on. It is not just very large enterprises that face this challenge. As you expand into new countries and transform your business into a “blended” business, your needs will vary at each (new) location.

Let’s say you are looking to expand your market into new territories by opening a new sales office. You’ll need to support the business scenario from marketing to opportunity. You will need to convert quotes to orders and then perhaps manage the order-to-cash cycle or send those orders to corporate or to other sister subsidiaries in order to deliver.

Perhaps you have a subsidiary dedicated to research. Human resource management and project management will be at the heart of your operations.

Time and labor management and workforce administration and authorization business scenarios will likely be deployed.

If you sell, support and repair a physical product, you may organize repair through depot repair and return, or you might have repair facilities distributed around the world for on-site repair. You will need field service and repair, customer return management, order-to-cash (for standardized or project-based services), time and expense management, either procure-to-pay or inter-company stock transfers as well as time and labor management – all business scenarios built into SAP Business ByDesign.

Throughout, whether looking at subsidiaries or the corporate whole, you will need to manage cash and liquidity, payroll services, quality assurance and the financial close. For this you need visibility, delivered by SAP Business ByDesign's embedded analytics. And you will need a consolidated view across these potentially different businesses within the business.

## **SUMMARY AND KEY TAKE-AWAYS**

Cloud ERP is indeed a great enabler of growth for mid-size companies, particularly those looking to take bold steps in a rapidly changing business climate. It is clear that SAP has taken the needs of these mid-size companies seriously, particularly those that are fast growing.

Key factors and therefore key takeaways include:

- A “start over” approach that keeps the design and development clean and clear, but is able to draw extensively from SAP's vast experience and technology innovation
- A business configurator that has become the gold standard within SAP for adapting and personalizing the solution without invasive code changes or lock-in
- Pre-defined business scenarios that allow entire companies or new subsidiaries to get out of the gate fast, but with the flexibility to adapt to change
- Functionality that creates an end-to-end solution for a variety of different business models for manufactured goods and services, or a blended business of both
- A next generation user experience that makes extensive use of dashboards and embedded analytics, whether on a desktop, laptop or any mobile device

For mid-size companies looking to take full advantage of unprecedented growth opportunities, any old ERP is not enough. If you are in search of a cloud-based ERP solution that can help you grow and grow quickly, SAP Business ByDesign definitely deserves consideration.

**About the author:** *Cindy Jutras is a widely recognized expert in analyzing the impact of enterprise applications on business performance. Utilizing 40 years of corporate experience and specific expertise in manufacturing, supply chain, customer service and business performance management, Cindy has spent the past 10 years benchmarking the performance of software solutions in the context of the business benefits of technology. In 2011 Cindy founded Mint Jutras LLC ([www.mintjutras.com](http://www.mintjutras.com)), specializing in analyzing and communicating the business value enterprise applications bring to the enterprise.*