



## Latest Benchmark Data Confirms That Many SAP Customers Are Still Missing Opportunities To Realise More Value

***Updated benchmark data from SAP optimization specialist West Trax continue to indicate that many SAP customers are failing to take advantage of high value opportunities to improve the effectiveness and efficiency of mission critical business processes, reduce costs and eliminate performance issues.***

### Executive Overview

The latest benchmark data from West Trax again confirms that in many SAP systems there are major on-going discrepancies between: -

- ✦ Functionality that is available and that which is implemented.
- ✦ Functionality that is implemented and that which is actually used.

SAP customers should aim to maximise ROI through optimal deployment of SAP Application Core Processes and increased system standardization levels. To exploit the full potential of Core Processes they should identify where standard functionality can: -

- ✦ Be best deployed to reduce costs, improve performance, increase productivity and enhance consistency and quality of usage across the enterprise.
- ✦ Replace custom code that does not add significant value.
- ✦ Minimise interfaces to non-core processes such as Middleware, Legacy, and 3rd Party programs.
- ✦ Be optimally applied during projects such as upgrades, consolidation and outsourcing.

Most of the systems analysed by West Trax show significant under-utilisation of available major functional components that are currently incurring SAP license and maintenance charges. Redundant or inefficiently used custom code, underutilised standard potential and a lack of awareness of available standard functionality all inflate the already substantial costs associated with SAP system operations and projects.

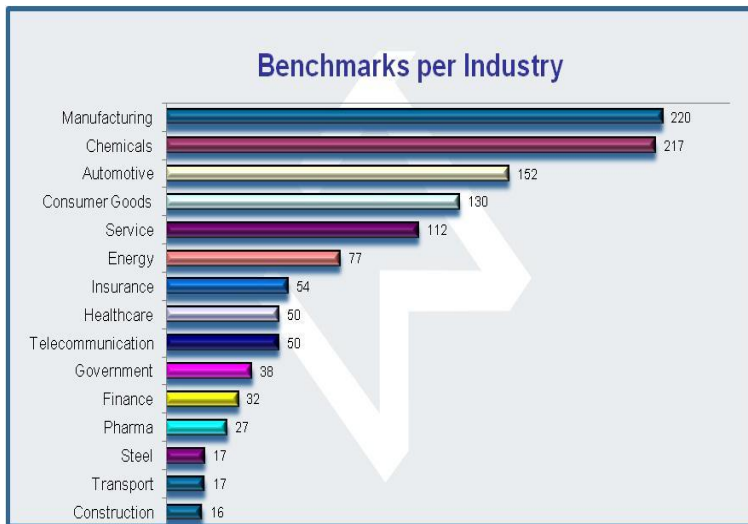
Many organisations continue to support extensively customized systems or are burdened with substantial overheads due to redundant custom code. As a result the business advantages and added-value expected from their strategic investment in SAP are often unrealised. The consequences include lower productivity, increased costs, reduced profitability, compliance exposures and customer dissatisfaction.



In many upgraded systems the technology has been upgraded to ECC 6.0 but the processes and functions remain at R/3 4.6 or older. High levels of available and relevant standard functionality continue to be unexploited. Serious performance problems and large amounts of redundant custom code present unnecessary overheads.

The benefits of closely managing system optimization and usage levels include identification of hidden costs, redundancies and inefficiencies, as well as reduced project costs and duration. Increased standardization of business processes results in more reliable and consistent data, contributing to improved competitiveness and added value for the business.

These conclusions are based on over 1,200 KPI Scan<sup>®</sup> analyses conducted to date by West Trax on SAP systems from 15 industries – Fig. 1



Industry	Analysis	Percentage
Manufacturing	220	18,20%
Chemicals	217	17,95%
Automotive	152	12,57%
Consumer Goods	130	10,75%
Service	112	9,26%
Energy	77	6,37%
Insurance	54	4,47%
Healthcare	50	4,14%
Telecommunication	50	4,14%
Government	38	3,14%
Finance	32	2,65%
Pharma	27	2,23%
Steel	17	1,41%
Transport	17	1,41%
Construction	16	1,32%
<b>Sum</b>	<b>1209</b>	<b>100,00%</b>

Fig. 1

## Standardization

Organisations buy from SAP to benefit from highly standardized software and best practice business processes but in many cases business and IT executives lack appropriate metrics to evaluate and optimize how effectively their SAP systems are supporting their business operations after they go live. Major potential for improved business processes and reduced support and project costs are not recognised or remain unexploited.

Fig. 2 demonstrates that significant scope to increase standardization exists in many of the SAP systems analysed by West Trax.

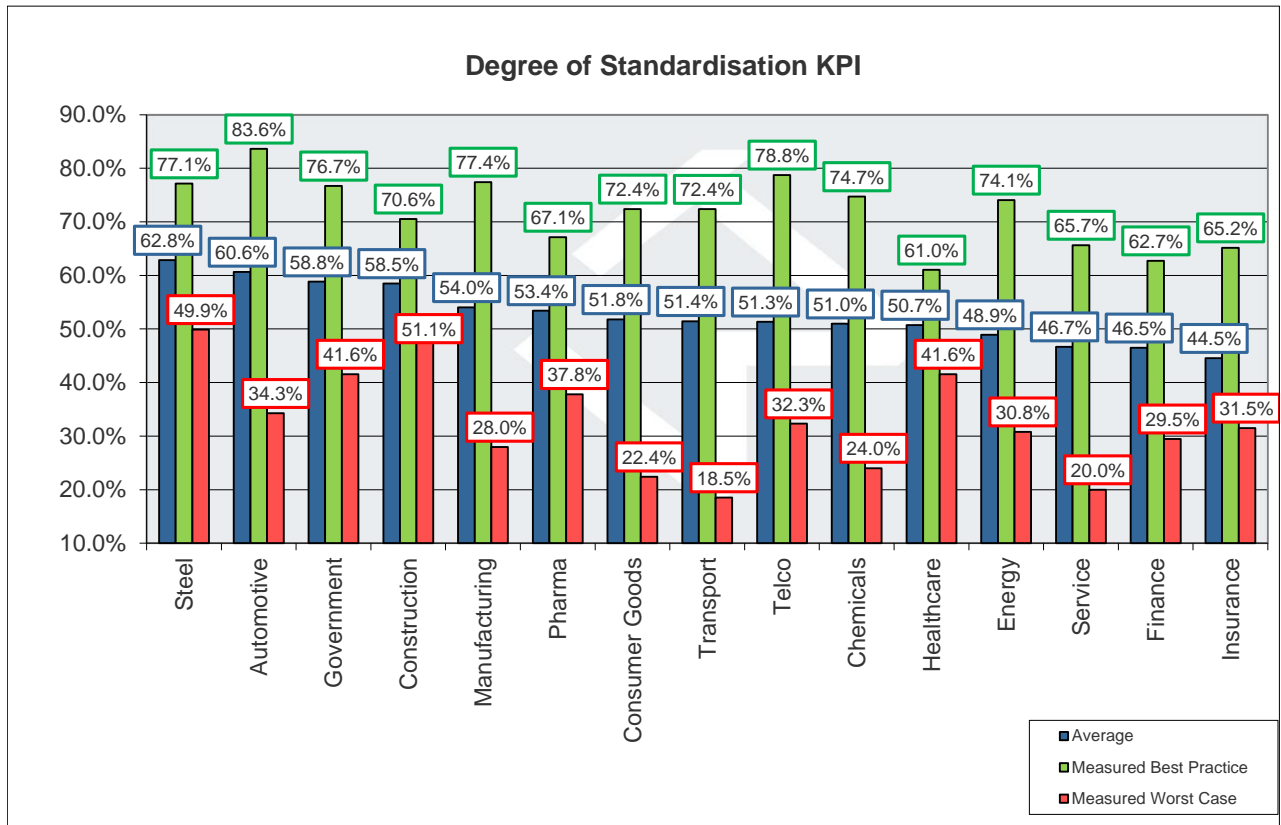


Fig. 2

The West Trax Standardization KPI indicates the percentage of used programs that are standard transactions. Fig. 2 shows the average values by sector. Measured Best Practice (MBP) and Measured Worst Case (MWC) values are also shown for each. The average level of standardization ranges from 44% in Finance to 63% in Steel. The MWC values show that some systems exhibit levels of standardization below 20%. The MBP systems show very high levels of standardization, several in excess of 70% including nearly 84% in Automotive.

Individual analyses of systems with multiple country or multiple business unit implementations reveal wide variances in standardization, usage and performance of business processes within organisations, indicating further opportunities for improvement.

### Unused Standard Potential

The Unused Standard Potential KPI (Fig. 3) identifies the percentage of unused, but company relevant, SAP standard transactions that are already available in an analysed system. Transactions are considered to be available if they are already in the system and relevant if some of the standard functionality in a business process is already used by the system.

Unused but relevant standard transactions may be able to provide functionality that is currently implemented in custom code programs that do not add any additional value. Similarly they could improve the support of business processes, or avoid media conversions, (improving business process consistency and data integrity).

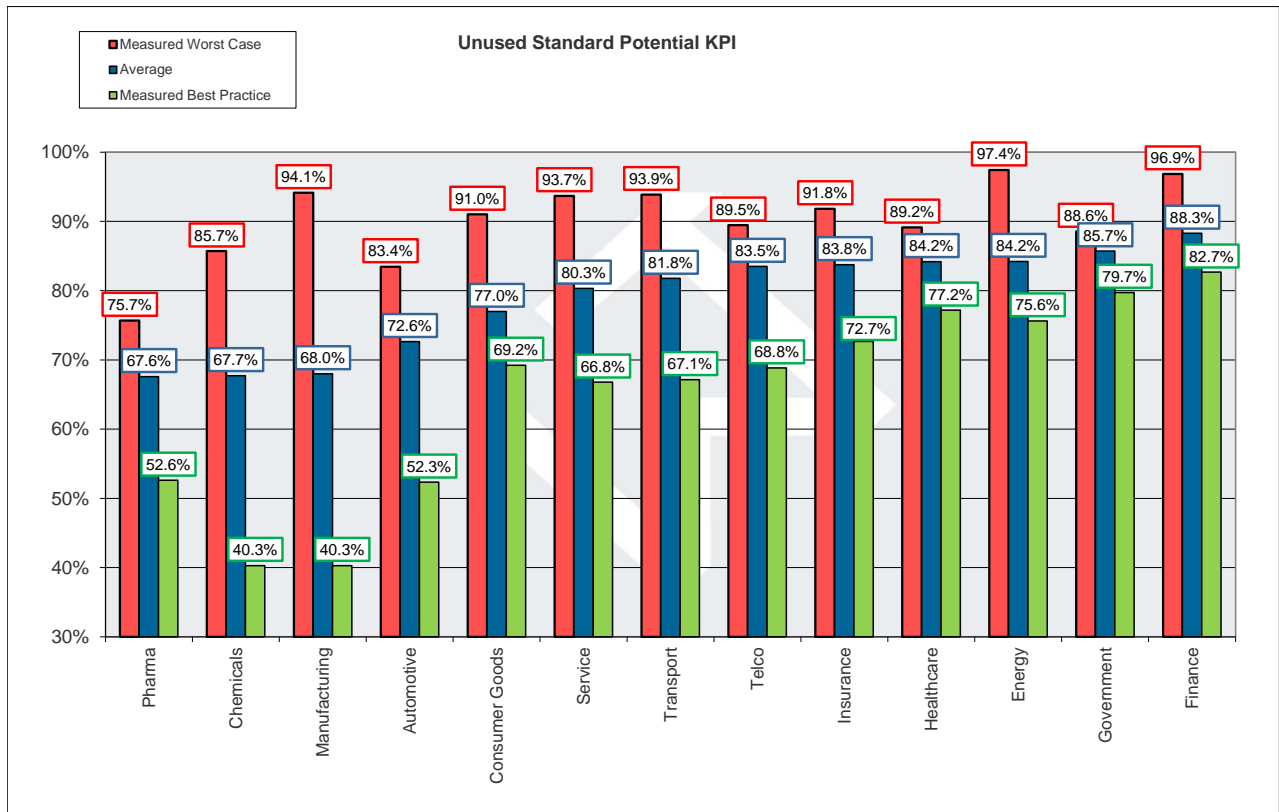


Fig. 3

Average sector values for Unused Standard Potential range from 68% in Pharma to 88% in Finance. MBP values of 40.3% are seen for the Chemicals and Manufacturing sectors.

Note that in many industries MWC data indicates that in excess of 90% of the available and relevant standard functionality is unused. Even in most of the Best Practice systems more than 50% is not used. These remarkably low usage levels of SAP standard functionality that incur substantial licence and support costs highlight the enormous potential that exists to extract more value from SAP assets.

## Customization

The industry average levels of customization are shown in Fig. 4. These are compared with the Measured Best Practice (MBP) values encountered during West Trax analyses. Sector averages for this KPI range from 20.4% in Government to 40.8% in Energy.

The MBP values highlight that within each sector some SAP customers manage to operate successfully with much lower levels of customization and as a result are benefiting from associated reductions in development and support costs and increased levels of standardization.

MBP systems are leaner, more transparent and easier to support and upgrade. Customers with higher than average levels of customization should investigate opportunities to remove unused and redundant custom code or replace it with standard SAP transactions where appropriate.

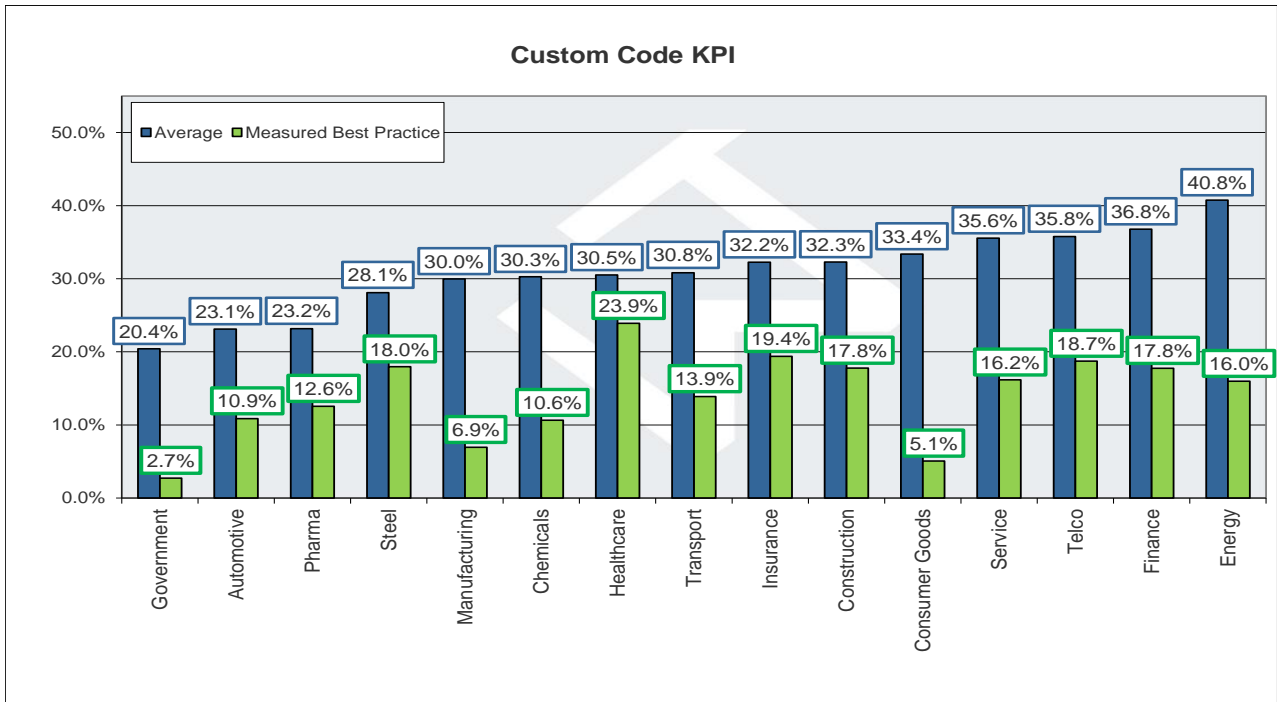


Fig. 4

Levels of unused custom code found in the analysed systems vary widely. Fig. 5 illustrates this clearly. Average Industry values of 30 to 50% highlight the potential to eliminate overheads, reduce support costs and improve system transparency.

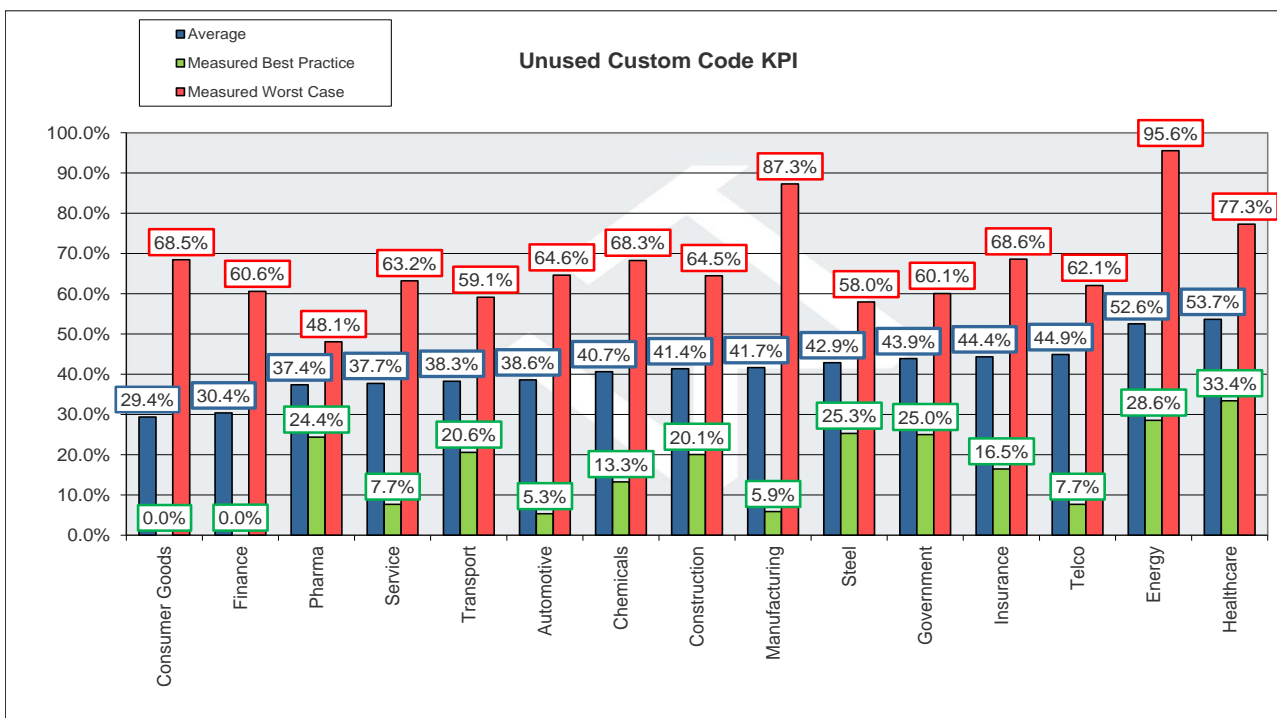


Fig. 5



The remarkably high MWC values for unused custom code confirm that some SAP customers are failing to take advantage of valuable opportunities to reduce support and project costs. In some cases MWC systems have been upgraded and unused custom code has been carried forward into the upgraded environment, increasing support costs and reducing the value derived from the upgrade.

In contrast the MBP values again demonstrate that within each sector some SAP customers manage to minimise unused custom code in their systems much more successfully than others. However it is worth noting that in most sectors even the MBP systems still contain significant amounts of unused custom code. Further optimization actions will deliver even more benefits.

Another indicator of the potential to reduce customization is the frequency with which custom code is actually used. Fig. 5 demonstrates that the majority of custom code programs executed 20 dialog steps or less during the analysis period. Very few executed over 500 dialog steps.

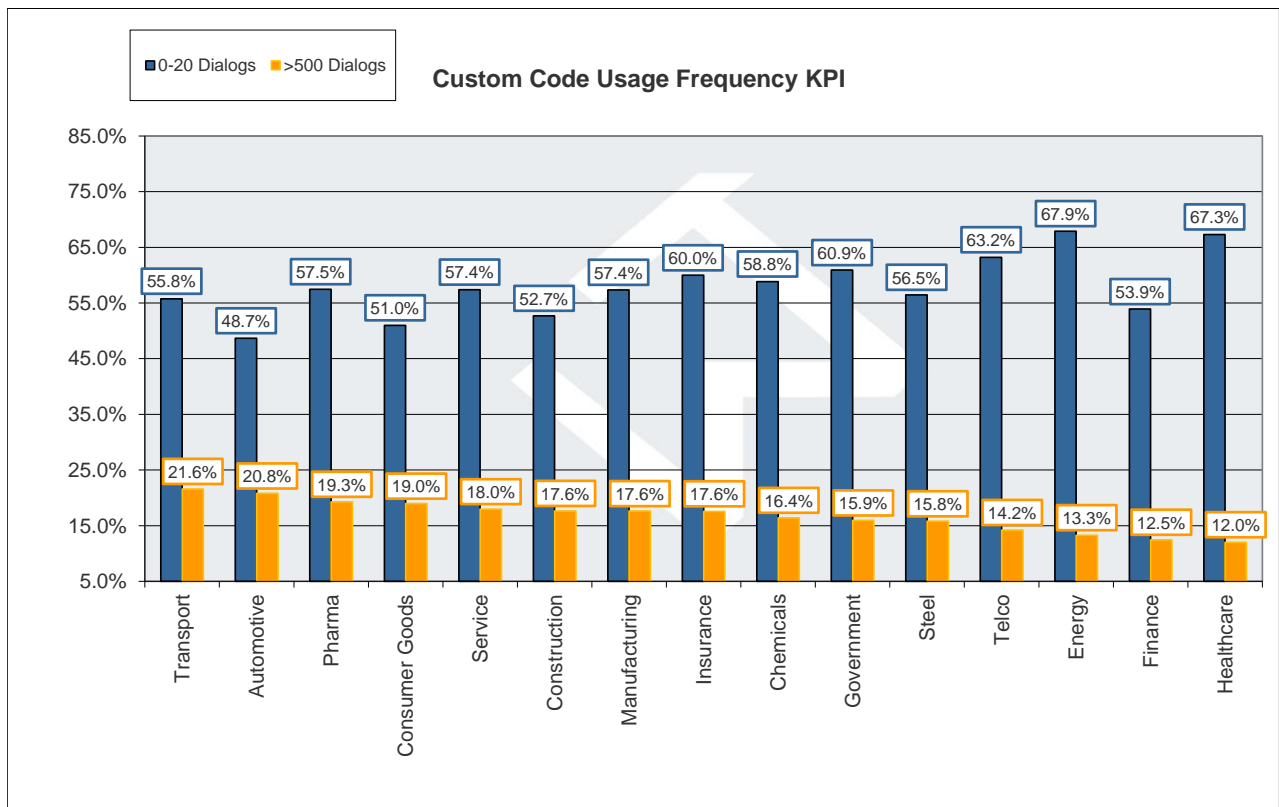


Fig. 5

The latest Custom Code Usage benchmark data shows little change from previous results. This again confirms the presence of valuable optimization opportunities. Only 12% to 22% of the custom code programs are heavily used. As already shown in Fig. 4 many of the custom code programs in the 0-20 dialog steps category are not used at all, the remainder being rarely used.

Frequently used programs executing more than 500 dialog steps are likely to be critical to business operations. SAP customers should exploit opportunities to eliminate custom code programs or convert them to standard when planning major projects such as upgrades, consolidation and outsourcing.



In many cases one or more technical upgrades will have been performed over the preceding years and as a result opportunities to take advantage of available extensions to standard SAP functionality may have been missed. Customization once considered essential continues to be used and supported when it could have been replaced by standard code now present in the system.

## Trigger and Background Jobs

When planned and controlled appropriately trigger and background jobs can provide an effective automation aid to ensure efficient use of system resources. Some systems exhibit low usage which may indicate missed automation opportunities but others show very high usage.

Management may not always be aware of high levels and background jobs may not be well controlled. Fig. 6 illustrates the wide variance in average use of trigger and background jobs across sectors.

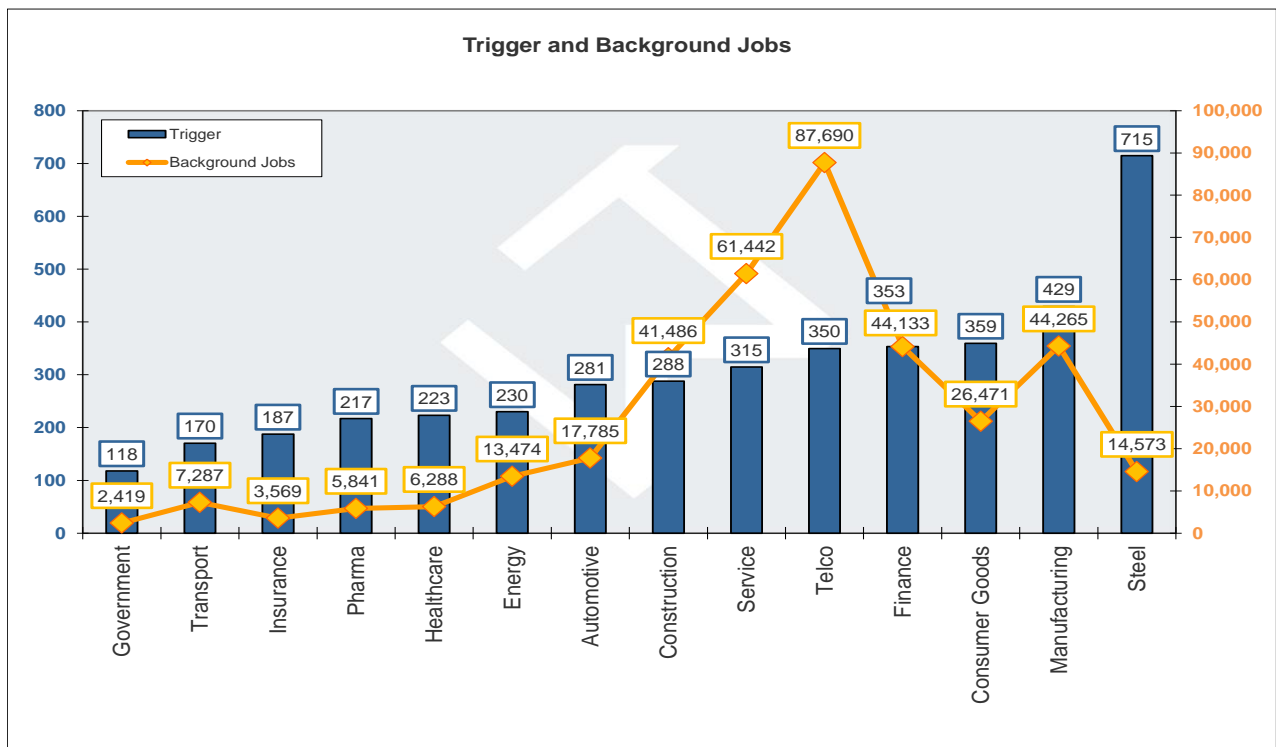


Fig. 6

West Trax analyses regularly identify background jobs that are not carefully managed and as a result have an adverse impact on performance during the normal work day. Some are started during normal production periods and may run for tens or even hundreds of hours, resulting in poor response times for users.

Trigger and background jobs are frequently used to automate processes and reports which are intended to run overnight or at weekends. Even where the intention is to execute the jobs during off-peak times over-runs sometimes seriously impact system performance at other busy times. In a 24 hour, round the world operating environment poor performance is likely to impact productivity and user satisfaction for someone, somewhere, at any time of day. In the extended enterprise environment this could include customers and suppliers.



West Trax recommends that SAP customers regularly analyse and optimize their use of background jobs to minimise their impact on system performance. Careful management will also help avoidance of unwelcome surprises during lifecycle projects such as upgrades, consolidations and outsourcing.

## Custom Code Response Times

Another source of SAP performance problems that should be considered is custom code response times. Fig's 7 and 8 compare standard transaction performance with that of custom code programs. The results clearly demonstrate the superior response times of standard code.

The majority of custom code programs analysed show very poor response times (Fig. 7). Custom code programs are often subject to poor quality checks and may be tested less rigorously than standard programs. Changing staff responsibilities and poor documentation significantly complicate custom code performance management.

This benchmark shows the percentage of custom code programs that exhibit response times greater than 1 minute. The sector averages range from 12% in the Transport sector to 23% in Energy, where in the Measured Worst Case (MWC) system 50% of the custom code programs recorded response times greater than 1 minute.

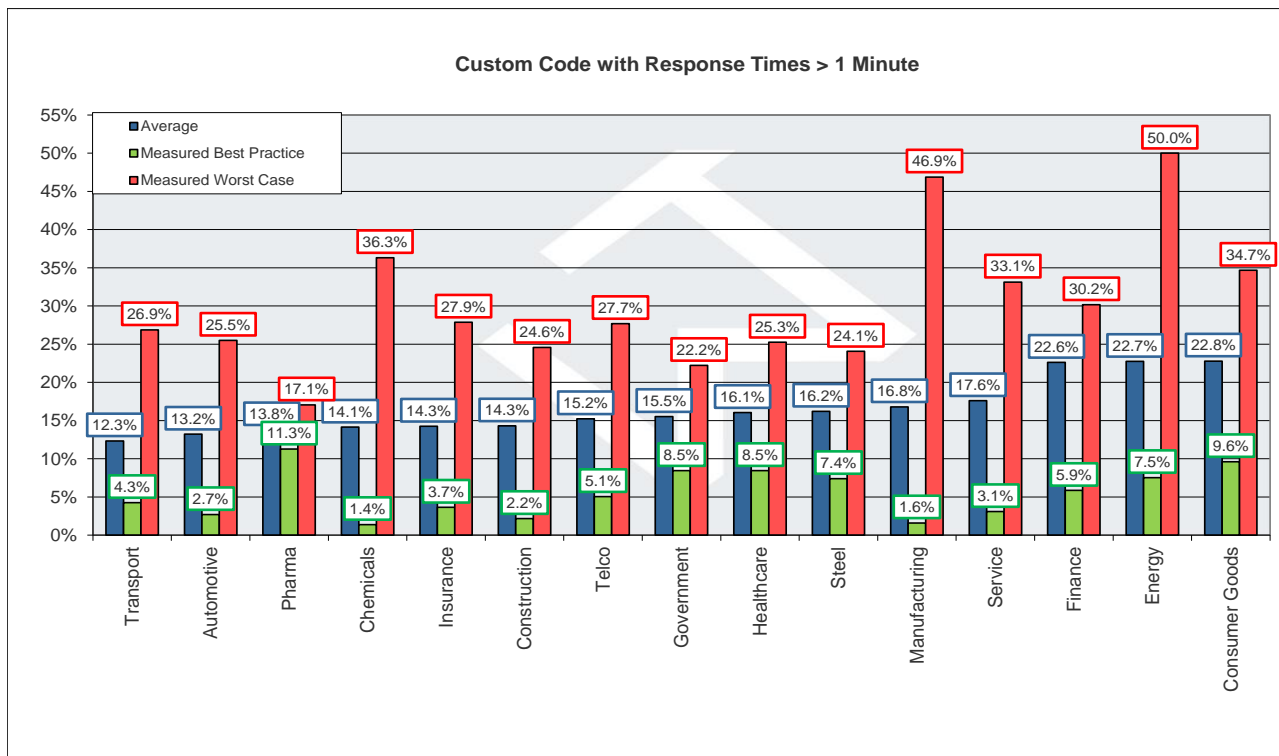


Fig. 7

The Measured Best Practice (MBP) systems in several sectors recorded less than 5% of custom code programs with response times greater than 1 minute. The broad range of results again highlights the existence of substantial optimization opportunities.



Standard transactions are subject to on-going quality checks and have been tested by SAP and the many users in the companies using the software. The West Trax benchmark data (Fig. 8) confirms the value of this.

The percentage of used standard transactions with response times over 1 minute is much lower than that for the custom code programs. There may be cases where standard transaction performance is unacceptable and as a result companies may need to create their own custom code programs to improve the situation, but this should be considered as an exception.

## Standard Transaction response Times

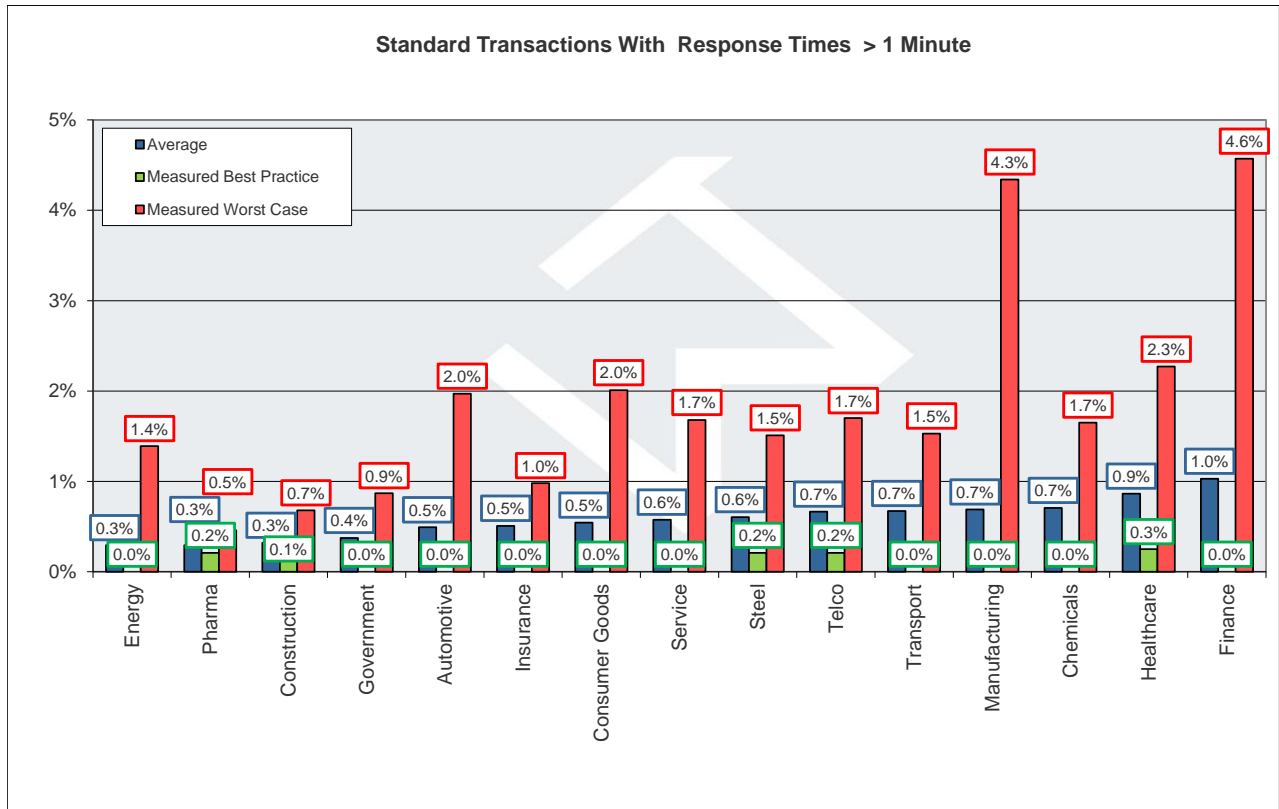


Fig. 8

## Conclusions

The latest benchmark data from West Trax again confirms that in many SAP systems there are major on-going discrepancies between: -

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SAP customers should aim to maximise ROI through optimal deployment of SAP Application Core Processes and increased system standardization levels.

For more information about the West Trax SAP benchmark data discussed in this paper and the methodology used to establish it please visit [www.westtrax.com](http://www.westtrax.com) or contact David Long [dlong@westtrax.com](mailto:dlong@westtrax.com) T: +44 1531 670325, M: +44 7774 808694.



## About West Trax

**West Trax is** a service provider delivering management consulting and IT consulting services. Founded in 2003, the company combines many years of international experiences in professional services with state-of-the-art technology West Trax focuses on global SAP system optimization. **KPI Scan<sup>®</sup>**, **KPI Optimizer<sup>®</sup>**, **KPI QA<sup>®</sup>** and **Benchmark Express<sup>®</sup>** solutions help to increase the efficiency of corporate processes and the performance of IT infrastructures. More detailed information can be found at [www.westtrax.com](http://www.westtrax.com)

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