
PRESS INFORMATION

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Adding value through value-added systems: High efficient SAP systems drive corporate success

As market research surveys show, the efficiency of SAP systems is among user companies' top priorities. However, they are not pursuing consistent metrics to improve system effectiveness and efficiency. A current West Trax survey based on 245 SAP benchmarks proves that money in the 6-digit range is still wasted on cost-intensive SAP systems. BUT: There is light at the end of the tunnel. Companies from the automotive and textile industries, the financial services sector as well as the aviation industry have given proof of the high efficiency of their SAP systems.

CIOs and IT managers continue to face enormous cost pressures and IT executives are being forced to consolidate their IT systems for savings purposes. However, the largest cost chunk is often ignored: the corporate SAP system! But although SAP systems bear extremely high cost savings potentials, only few companies are aware of them.

For instance, huge sums are spent and great efforts undertaken to create (unused) custom codes. Although it would be easy to map them effectively within the SAP standard, this is not the common practice, which also increases the share of unused relevant standard potential to an extent that entails high financial losses for the respective company.

„In most cases, SAP customers are not aware of the potential to make savings or even how to identify them”, says Diana Bohr, CTO of West Trax. But this understanding is vital to ensure lean processes and avoid spiralling costs related to outsourcing projects, release upgrades and SAP system maintenance efforts. After all, corporate success is strongly dependent on efficient business processes defined in the lines of business and supported by the company's IT organization. LOB's have high expectations of what IT can deliver, especially when they have to pay for the implementation. But they often lack an understanding of IT's real ability to map their requirements to the system. This may result in a major discrepancy between business requirements and IT deliverables.

There is a common trend for organisations to demand advanced, higher-value IT services. This increases the need for innovative methodologies to measure the value proposition of their IT assets in general and of SAP systems in particular.

First results of a recent West Trax study show that in the majority of cases the real savings potential of SAP systems is not fully leveraged. Approximately 90 percent of installed SAP systems still have the potential to contribute savings in the 6 to 7 digit Euro range but individual companies are heralding a positive trend.

For instance, a leading European automotive supplier, headquartered in Filderstadt, Germany, has demonstrated excellent results in the study. The evaluation of key performance indicators (KPI's) showed that the company achieved the best result for 5 years in the "Custom Code Response Times" category. This company is not only the leader within their specific industry, but also in the cross-industry comparison. It also tops the current Measured Best Practice (MBP) value, based on a [certification methodology](#) developed by West Trax and audited by an independent certified expert of the Chamber of Industry & Commerce in Darmstadt.

Positive developments can also be found among SAP users from the banking and financial services sector and the consumer goods industry. A leading Bavarian bank was able to top the MBP in two KPI criteria (Degree of Standardisation and Share of Custom Codes) within their industry. For instance, they exceeded the present MBP value for the "Share of Custom Codes" by over 25 percent.

Similarly, a service provider from the textile industry headquartered in the federal state of Hessen/Germany, is the industry leader when it comes to the "Degree of Standardisation". Continuous measurement and system optimisation have paid off resulting in significant improvements in additional KPI's, including the "Unused Relevant Standard Potential", "Share of Custom Code" and the "Frequency of Usage of Custom Codes".

Another example is a Swiss aviation company, where a system analysis conducted by West Trax clearly shows better MBP results than the competition, for six out of seven KPI's:

- Degree of standardisation
- Share of custom codes
- Share of unused custom codes
- Response times of custom codes
- Frequency of usage of custom codes
- Documentation of used programs in the system

These four companies have recognised the potential to optimise their SAP systems. This may be leveraged to release resources for new projects, allowing them to be implemented without imposing an additional financial burden on the LOB's. Economies resulting from optimisation efforts will inevitably generate "added value" for the business.

IT managers and CIOs will be increasingly committed to demonstrate this added value to the corporate management and LOB's and to continuously improve their contribution as the company's internal service provider. Measurement methodologies from independent consulting firms are ideal and effective tools to support such internal and external positioning efforts.

To increase the awareness of the benefits of measuring methodologies based on acknowledged quality criteria, West Trax has launched their Quality Award initiative. At the ERP Conference to be held in Munich on May 15, 2007, the companies described above will be the first to be granted the West Trax Quality Award in recognition of their leadership in SAP systems operations. More detailed information can be found at:
<http://www.westtrax.com/certifiedsapclients.html>

The biography of Diana Bohr can be found at:

http://www.westtrax.de/Bios/bio_dbohr.zip

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 the professional services business with state-of-the-art technology. **With KPI Scan[®], KPI Optimiser[®], KPI QA[®] and Benchmark Express[®]**, West Trax offers solutions that help to increase the efficiency of corporate processes and the performance of IT infrastructures. West Trax focuses on global SAP system optimisation. More detailed information can be found under www.westtrax.com.

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