



SAP Business Case Builder

Aligning IT with Business Benefits

*An IDC Case Study
Sponsored by SAP*

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INTRODUCTION

Knowledge-based selling tools and decision support systems are not new. At the same time, today's versions are better than those of the past. The SAP Business Case Builder is an example of the value-added support a vendor can offer to its representatives and customers. It is industry specific; tailored to specific, client-identified business drivers; and built upon a foundation of solid vendor experience and data. In addition, it has graphic input and output and is kept current by a committed vendor.

SAP worked with a third-party vendor to develop the Business Case Builder. IDC was asked to create a case study to report on the SAP Business Case Builder and its use in a specific customer situation. Our research included both guided and unguided demonstrations, secondary research, and an interview with a knowledgeable customer.

IDC OPINION

Difficult IT purchase decisions are part of today's business world. To make the decision-making process easier, business professionals in both IT and line-of-business (LOB) roles are demanding solid business cases that link dollars invested and benefits achieved. The growing demand for return on investment (ROI) and restrictions on IT budgets are increasing the emphasis on financial evaluation prior to investment.

The SAP Business Case Builder is a tool for SAP representatives — consultants, sales professionals, and partners — to use in concert with customers or prospects. The tool allows all parties to leverage their collective knowledge and experience and quickly identify and then quantify the possible benefits that can be realized by improving the business processes that are most relevant to the customer's goals and needs. The output of the collaborative effort is a customized, high-level business case.

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SAP defines its Business Case Builder as a Web-based tool that enables the vendor to identify and validate the business challenges, opportunities, and objectives of its customers and to illustrate the potential value that SAP solutions can provide by enabling business processes that will help them. It is also a repository of SAP's experience in various software markets in different industry niches.

This case study reports on the use of the tool by SAP and its customer ZF Industries, the world's largest independent specialist in driveline, steering, suspension, and chassis technology. It also illustrates how combining an innovative tool with effective collaboration can be a win-win activity for both customer and vendor.

THE BUSINESS SOLUTION ENVIRONMENT: KEY ISSUES

The stark realities of today's business climate have increased the importance and value of working to improve the manner in which solutions such as enterprise resource management (ERM), customer relationship management (CRM), supply chain management (SCM), and product life-cycle management (PLM) are evaluated. Prior IDC research has identified many of these realities, including:

- **Organizational investments are under ROI scrutiny.** With the current tentative economic and general business conditions, corporate expenditures of all types, not just IT, are under a level of scrutiny that was virtually nonexistent even 18 months ago. The financial stakes are higher, and there is less room for missteps. Every disbursement must be justified and add to organizational value, or it will not survive business-line manager scrutiny.
- **Business value is a key metric.** As a result of increased investment scrutiny, demonstrable value has emerged as a key mantra in today's IT environment. Business solutions must demonstrate a certain return on capital — usually within an accelerated time period. While ROI can be measured in many ways, there is no doubt that corporate buying criteria have placed substantial pressure on technology vendors, service providers, and partners to quantify the level of business value created by their products, effectively communicate this value to prospects, and then deliver.
- **Solution positioning requires a bundled offering.** To deliver the more aggressive ROI targets being conceived today, IT players have realized the need to create bundled technology and service packages, or solutions, that meet client needs effectively and rapidly. Creating such solutions is a good way to structure business systems that can be effectively and economically deployed on a consistent basis and leveraged across a range of vertical and horizontal business segments at a cost that is reasonable to clients and prospects. Communicating value is a business necessity for vendors.

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These and other realities are the backdrop for SAP's drive to provide better tools to its representatives and customers.

HARD QUESTIONS AND HARD ANSWERS

The SAP Business Case Builder helps customers evaluate how they can improve their business' performance by providing answers to three key questions:

- How well does SAP understand current market forces and the impact of business trends in the customer's industry?
- Which of the hundreds of business processes supported by mySAP.com might best help increase the value and competitive advantage of the customer and/or the customer's LOB?
- From this list of business processes, what is the approximate financial value that each might bring the customer to justify a more detailed analysis with SAP or one of its partners?

The SAP Business Case Builder takes a customer through a logical, step-by-step process. It requests baseline information for a customer profile and then provides industry-specific trend data and asks the customer to answer questions in the context of this information. Then, in the two-step process of Opportunity Assessment and Value Calculation, the customer is provided with a shortlist of business scenarios in order to uncover key business goals. SAP defines each business scenario as an end-to-end business process toward a common business goal. Each scenario is illustrated by a Collaborative Business Map (see Foundation for the SAP Business Case Builder sidebar, page 4). Again, the customer provides answers in the context of these goals.

It is a dynamic quid pro quo. The SAP Business Case Builder provides information and asks questions; the customer reviews the information and provides answers; and the combination contributes to an industry-specific and, more important, a customer-specific business case.

Although the output of the process is a business case, the outcome of the process is a framework and foundation on which SAP and its customer or prospect can build a high-value partnership. This outcome is possible because the SAP representative knows the customer, the industry, and how to meet the customer's requirements. In addition, the representative has a practical understanding of the financial impact.

For the trade of a reasonable amount of time, both the customer and SAP receive value. The customer can take that valuable information and position it within the framework of its internal justification and ROI analysis procedures, and SAP can take the information that it has gathered to hone its future activities.

Foundation for the SAP Business Case Builder

SAP leverages the efforts of its industry and cross-industry business units (IBUs and GBUs) in its tools development. These groups are responsible for the content of Collaborative Business Maps (C-Business Maps). C-Business Maps illustrate business scenarios; end-to-end business processes toward a common goal that guides software usage and implementation. The Business Case Builder is updated with new scenarios from the C-Business Maps library on a quarterly basis. This content is the treasure chest of SAP's experience and best practices because it provides direction to SAP's representatives and advice to customers.

The collaborative effort to create a business case takes place in a flexible context. The SAP representative draws on data that is relevant to the customer's or prospect's industry and the particular role that the customer's business plays within the industry.

USAGE SCENARIO

Consider for example the following scenario: An SAP sales representative is assigned to uncover needs and develop business at XYZ Automotive Manufacturing. She has experience in the manufacturing sector but wants to enhance her understanding of the most recent trends, drivers, and market forces that are impacting automotive manufacturers. In preparation for contacting XYZ, she finds that automotive is one of the 21 industries that are analyzed by the Business Case Builder and reviews the industry analysis in that section.

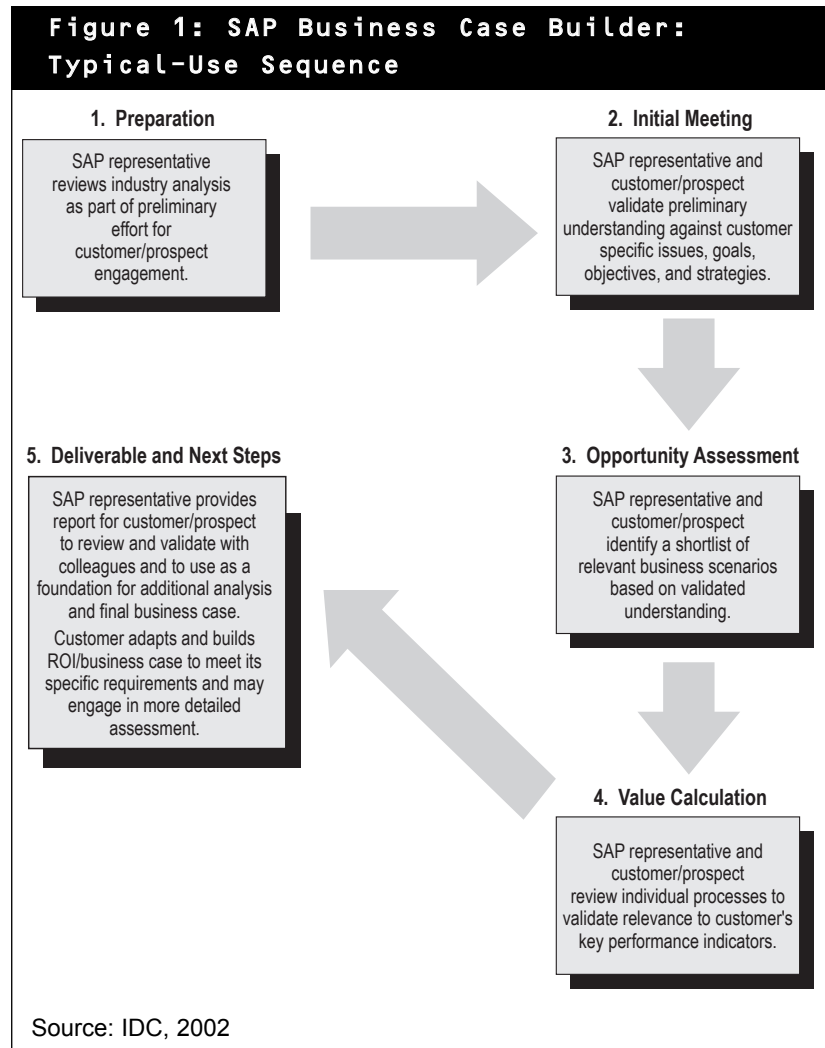
Our newly assigned representative does her homework. She contacts XYZ and begins the age-old process of needs identification and value selling. This is where the art and science of selling come together. She builds rapport, talks the automotive manufacturing talk, listens for requirements, builds a scenario that seems to fit, qualifies understanding, and establishes the business-case building process.

The SAP Business Case Builder supports her analysis of the automotive manufacturing industry and helps to provide the business scenarios for how SAP has provided benefits within that industry.

These scenarios are evaluated within a number of frameworks, including industry issues, strategic considerations, business goals and objectives, and revenue-generating and cost-saving opportunities. Presentations — both formal and informal — take place within these initial frameworks. The frameworks are modified by customer comment and suggested course correction. Throughout the process, the value proposition is stated, related, confirmed, and restated.

The customer ends up with a baseline business case that is tailored to the company, industry, industry sector, specific business drivers, and strategic orientation.

Figure 1 shows a typical-use sequence of business-case development using SAP Business Case Builder.



Another advantage to both the customer and SAP is the early involvement of the customer's financial decision makers. These experts can hone the mutual understanding of the investment analysis and parameters.

The bottom line is that SAP earns the right to further engage with the customer as a trusted advisor. SAP has shown an understanding of the customer's environment and needs. The SAP Business Case Builder supports a foundation for value-oriented discussions. The value is connected to mySAP solutions, not just as software modules but as pragmatic building blocks to deliver identified benefits.

SAP Business Case Builder at ZF Industries

ZF Industries is the world's largest independent specialist in driveline, steering, suspension, and chassis technology. ZF units and systems can be found in the framework of many car makes. ZF delivers state-of-the-art technology, performance, service life, economy, safety, comfort, and easy handling.

Founded in 1915, the company has more than 56,000 employees worldwide and more than \$7 billion in annual sales. Its North America operation accounts for about \$2 billion in revenue and has approximately 5,000 employees.

ZF knows that its strong market position and increasing global technological leadership are due in large part to its loyal — and growing — North American customer base. When ZF's North American Aftermarket Sales and Service Organization decided to further optimize its operation, SAP was one of the vendors strongly considered.

ZF had a clear vision of what it planned to accomplish. It wanted to implement a customer relationship management (CRM) solution to provide up-to-the-minute information and ordering capability across the enterprise. The planned system, named OASIS (Order Availability Status Information System), would provide ZF and its distributors with the information needed to serve their customers.

ZF's total commitment to providing the best service to get its customers "the right part the first time to get them back on the road" was the major driver for the implementation of the CRM system. The system had to meet the needs across passenger cars, light trucks, bus and coach systems, construction and forestry equipment, agricultural tractors, lift trucks, sweepers, automation and machine tools, and special test equipment.

The challenge to find the best way to support ZF's commitment was a complicated one.

Alex Kurzeder, a ZF business analyst and OASIS project manager, was tasked with getting the information required for the decision. In discussions with a number of vendors, Kurzeder realized that vendors' varying business-case proposals often complicate the issue rather than contribute to the solution.

"Getting our arms around the ROI proved difficult," said Kurzeder. "The different approaches of the different vendors were difficult to compare. We had a clear vision of where we wanted to go with the project, but that vision was not clear to all the vendors."

The SAP Business Case Builder was introduced to ZF by SAP Sales Representative George Steel. In a number of working sessions, Kurzeder, Steel, and other SAP and ZF personnel rolled up their sleeves to develop a business case. The ZF personnel were from different disciplines within the organization — IT, line of

business (LOB), and financial — and they provided the business foundation from which to start. The collaboration was successful, with the SAP Business Case Builder providing thought starters and ideas for the ROI gaps. As a result, ZF chose to implement an SAP CRM solution.

"SAP's Business Case Builder did not make the decision for us, but it helped. We were able to take the business case and combine it with our ZF processes, which are both rigorous and sophisticated, and come up with the right answer for us," stated Kurzeder. "In addition, it afforded us an expanded view of what companies similar to us were doing. Looking at industries similar to ours let us come up with a fit for ZF Industries in the context of automotive manufacturers.

"Bottom line, the SAP Business Case Builder cut around a third of the time that we would have spent in building a case study," said Kurzeder.

CHALLENGES AND OPPORTUNITIES

The more that tools fit a customer's world, the more valuable they become. The one-size-fits-all approach to business-case development does not fit today — in fact, it never did.

Generic ROI metrics don't fit individual company's business-case requirements. The SAP Business Case Builder, with its industry-tailored features, provides a starting point for many organizations, but each organization must develop its own ROI metrics.

SAP's primary challenge is to maintain its orientation to assisting customers and prospects within a consistent business-case development framework and at the same time provide that framework with enough flexibility to address customer-specific needs.

What are the opportunities provided by the SAP Business Case Builder? SAP can position itself as a knowledgeable asset in decisions about ERM, CRM, SCM, and PLM. The ability to talk to IT and financial decision makers in the context of their company and industry in their language can only help SAP's sales results and shorten its sales cycle.

CONCLUSION AND RECOMMENDATIONS

Business cases are an important factor in the IT decision-making process. Vendors such as SAP can provide a service to their customers and prospects by providing robust, current, and credible tools for business-case development.

Prudent decision makers should seek answers from their vendors, and the answers should be provided from an industry and business-driver perspective. SAP has positioned itself to provide those answers.

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