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SAP Convergence Solution Brief & Roadmap Builder

Beyond Technology Alignment

Creating a Center of Excellence
by Converging Business and IT in the SAP Enterprise

Executive Summary

Today's globally competitive landscape demands something more from business. It is no longer good enough to do well in the marketplace as it becomes more and more dynamic. Product lifecycles are getting shorter and your competitors' innovation cycles continue to get more aggressive. Technology changes are being driven faster and faster by Moore's Law which dictates computing power doubles roughly every 18-24 months. What was once considered a stable competitive position is evolving faster than many businesses can react to, never mind getting ahead of coming changes.

As a result of these dramatic changes something much more than business to IT alignment is needed, IT and business must converge. Technology must be applied faster, more aggressively, with more focus on measurable results.

The answer is an approach, and methodology, and processing tools to enable the orderly transition to IT and business convergence. This approach and free application seeks to address that need in a clear, straightforward manner.

For more background on this approach please see:
Create SAP Convergence Instead of Business to IT Alignment @ http://bit.ly/ibPI6v
ASUG Presentation on SAP / IT Convergence @ http://bit.ly/kLei7S

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Steering Committee Governance for an SAP Center of Excellence

At the intersection of business and IT you have convergence. At the place of convergence is where the Center of Excellence exists.

One of the key SAP project success factors is to use a steering committee made up of key business stakeholders. They can meet once a week or once a month, but generally they are involved to provide business level guidance to an SAP project or IT programs. The most effective steering committees include at least one executive and several senior leaders from throughout the business (see The Real Reason Executive Participation Creates IT Project Success). Some of the key functions a steering committee carries out during the course of your SAP project include:

- Set SAP project scope and then help manage it.
- Define project objectives and evaluation criteria.
- Monitor project progress, including key milestones and deliverables progress.
- Oversee Quality reviews at key check points.
- Evaluate and mitigate organizational impact of business changes.
- Promotes the project throughout the organization.
- Coordinates staffing and resource levels from key business areas.
- Makes critical decisions which the project team is unable to resolve (escalations or key business decisions).

The ongoing functions and tasks of the SAP steering committee cannot be underestimated. During the course of their duties they gain a unique and critical set of skills related to applying technology to business issues and problems (see Using Your SAP Steering Committee for Business Transformation).

You go live and WHY do you disband your steering committee???

Convergence is Required for a Center of Excellence

Lately I've been looking for a more effective way to identify what needs to take place within an organization to create "convergence."

> Business-technology convergence and business-technology management are terms that spring from a simple idea: Technology is a means for achieving business objectives; therefore, managing business and technology together provides significantly better results than managing them in separate silos. By converging business and technology management, enterprises can nimbly respond to changing marketplace dynamics, technology evolutions and competitive pressures—capabilities that are especially important during an economic downturn.
>
> [C]onverged enterprises know when to change the rules to maintain a strategic advantage over their competitors—and to sense and respond to changes in the marketplace. [1]

The idea of convergence is all about business. It is about business as the center of technology efforts and that is what the Center of Excellence is about. [2] Recently ERP executive did a summary article about my thoughts on creating a Center of Excellence. [3] That article provides an overview of the business transformation that is needed after you go live with SAP--, the idea of convergence.

Putting the Pieces of the Puzzle Together

To make convergence happen requires a change in the way SAP projects have been run in the past. We will look at Steering Committee processes and then an application to support that.

During the course of the SAP project a steering committee serves as an interface between the business and the SAP project. That function is carried out at the management level. Generally the steering committee does not get involved in the day to day operations of the project but focuses on scope, timeline, budget, and business needs.

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[1] The Value of Convergence: http://www.baselinemag.com/c/a/Business-Intelligence/The-Value-of-Convergence-236013/

[2] This three part series explores the "Center of Excellence" in detail and offers some ideas on moving toward convergence.

> *Toward an SAP Center of Excellence or SAP Competency Center – PART 1*
> http://www.r3now.com/toward-an-sap-center-of-excellence-or-sap-competency-center-part-1
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> *Toward an SAP Center of Excellence or SAP Competency Center – PART 2*
> http://www.r3now.com/toward-an-sap-center-of-excellence-or-sap-competency-center-part-2
>
> *Toward an SAP Center of Excellence or SAP Competency Center – PART 3*
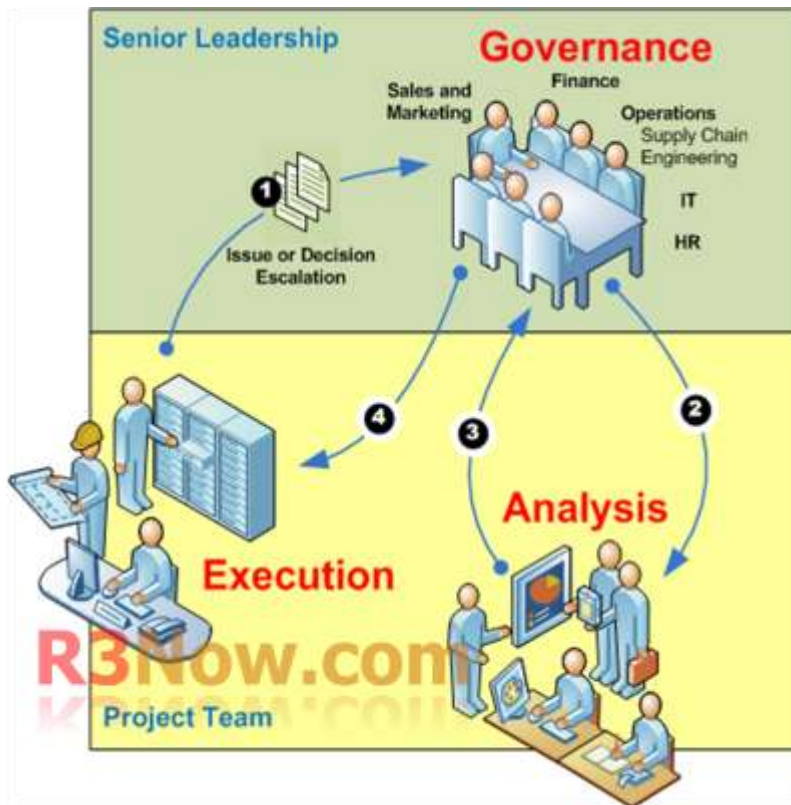> http://www.r3now.com/toward-an-sap-center-of-excellence-or-sap-competency-center-part-3

[3] SAP Competency Center vs. SAP Center of Excellence: Semantics or Critical Distinction?
http://www.erpexecutive.com/2011/03/sap-competency-center-vs-sap-center-of-excellence-semantics-or-critical-distinction/

Steering Committee Participation in the Early Phase of the SAP Project

The steering committee functions use various project oversight methods as momentum builds in the project. In the early stages of the SAP project or IT program the steering committee will be required to evaluate and decide on key business and organizational impacts, as well as project scope, schedule, resources and budget. This "business council's" input is critical for both project success and for the future state of the enterprise.

This illustration is a simple depiction of the steering committee and governance process during your project.

1.   An issue, decision, conflict, or other item is escalated to the steering committee for initial review. This will usually come from the core team or the project team during the implementation.

2.   Either a decision is made or more information is requested. It is then sent back to the project "analysis" group to evaluate and provide any necessary feedback. This may be key members of the project team itself or it may be a separate group.

3.   The analysis group prepares white papers, options papers, solutions proposals, or other key information for the steering committee and sends it back to the steering committee for review.

4.   The steering committee reviews the analysis and makes a final determination. Their decision is sent back to the implementation project team for resolution.

This decision loop is carried out many times throughout the project. The steering committee involvement provides unique and invaluable experience surrounding technology integration into the enterprise. They gain new skills and understanding of the business from an interconnected process perspective and the management challenges involved.

As the SAP project moves to conclusion this role begins to wind down. Shortly after go live many companies disband their SAP steering committees and they go back to focusing on the "new" SAP enabled enterprise. Along the way the organization or enterprise as a whole loses critically important new skills and insight that few other experiences are able to develop. *This leadership experience is powerful **and irreplaceable**.*
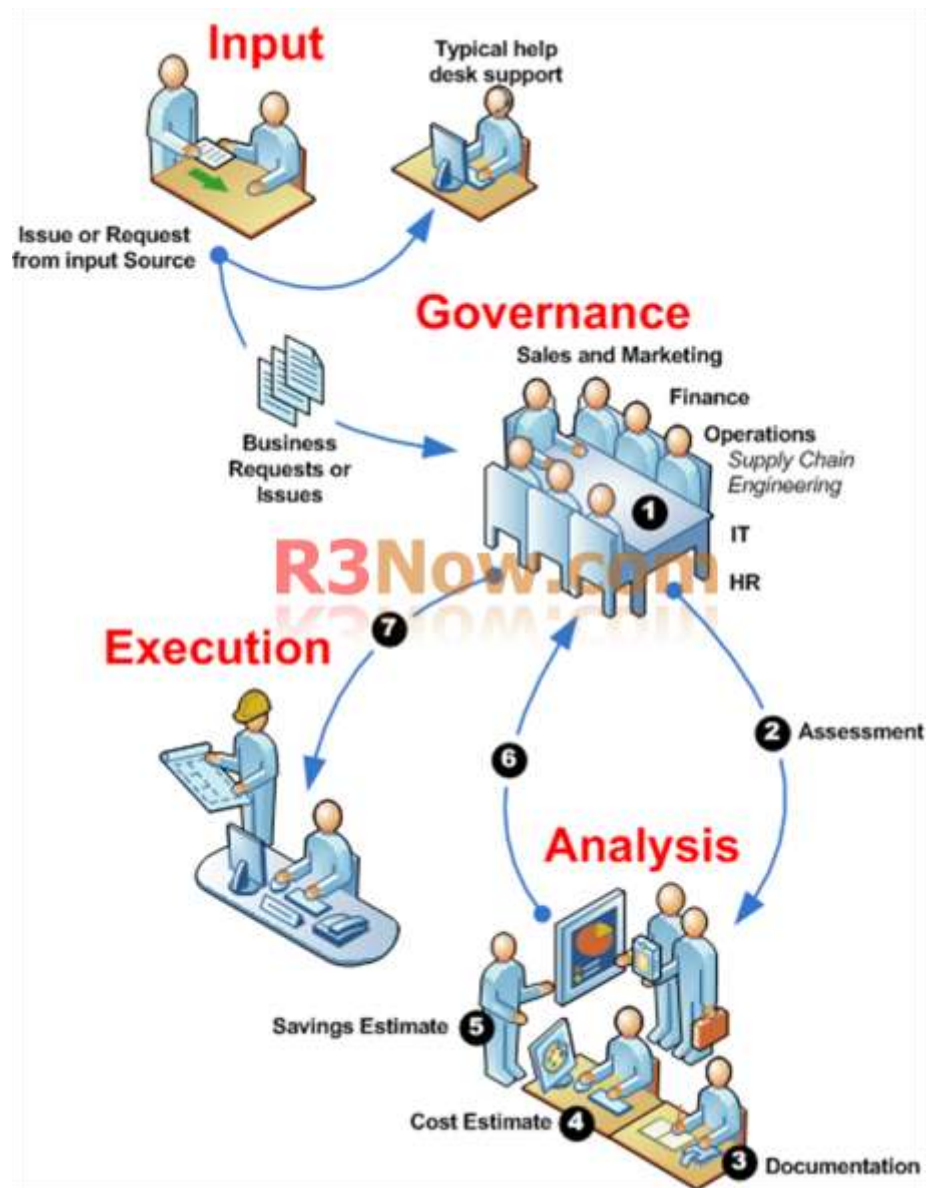
The integration of business and technology, or the "convergence" approach requires the steering committee to continue to operate long after the SAP application has gone live. However there is a realignment or adjustment to their future role. They now take their newfound skills and apply them to general business issues that arise and find ways to integrate business needs, issues, and requirements into new or improved processes and technology solutions--; *the steering committee becomes the focal point for convergence.*

Steering Committee Functions AFTER the SAP Go Live

After the go-live as you transition to stable operations your steering committee's role will change. Instead of active participation with the SAP project team they will start to focus on the business. At first this role is primarily centered on the help desk and user or department requests. This can be requests for reporting (very common after go live), or for enhancements or other related issues that need to be addressed.

After a period of stabilization this role will change once again but the same underlying structure, tools and key steps will remain largely the same. As stabilization occurs an additional dimension of input from the business community through integrated IT staff will begin to be formed. Rather than only the help desk the IT staff will become proactively engaged with, and then eventually embedded into, the fabric of the enterprise.

Phase 2 Steering Committee Activities Through Stabilization Period

1.   A help desk issue comes in and is evaluated. Routine user help goes to the help desk and other issues or business requests are routed to the steering committee.

2.   An initial decision is made whether to proceed with further analysis, defer, or close the issue. As necessary it is referred for additional analysis.

3.   Required documentation and documentation cost is evaluated.

4.   Any development or process change costs are evaluated.

5.   Savings are calculated based on a 2 – 5 year payback depending on your company's requirements for return horizons.

6.   The completed documentation and analysis is returned back to the steering committee for final execution approval AND sequencing.

7.   Upon final approval the issue is referred to the IT or other project execution group for completion.

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Phase 2 (and 3) IT Governance to Convergence Roadmap Builder

To support the steering committee analysis process I have developed an application which can be used for cost/benefit analysis. It can be used as a desktop application, or it can be integrated into SQL and be a distributed enterprise application. It has been kept deliberately simple but still fairly comprehensive.

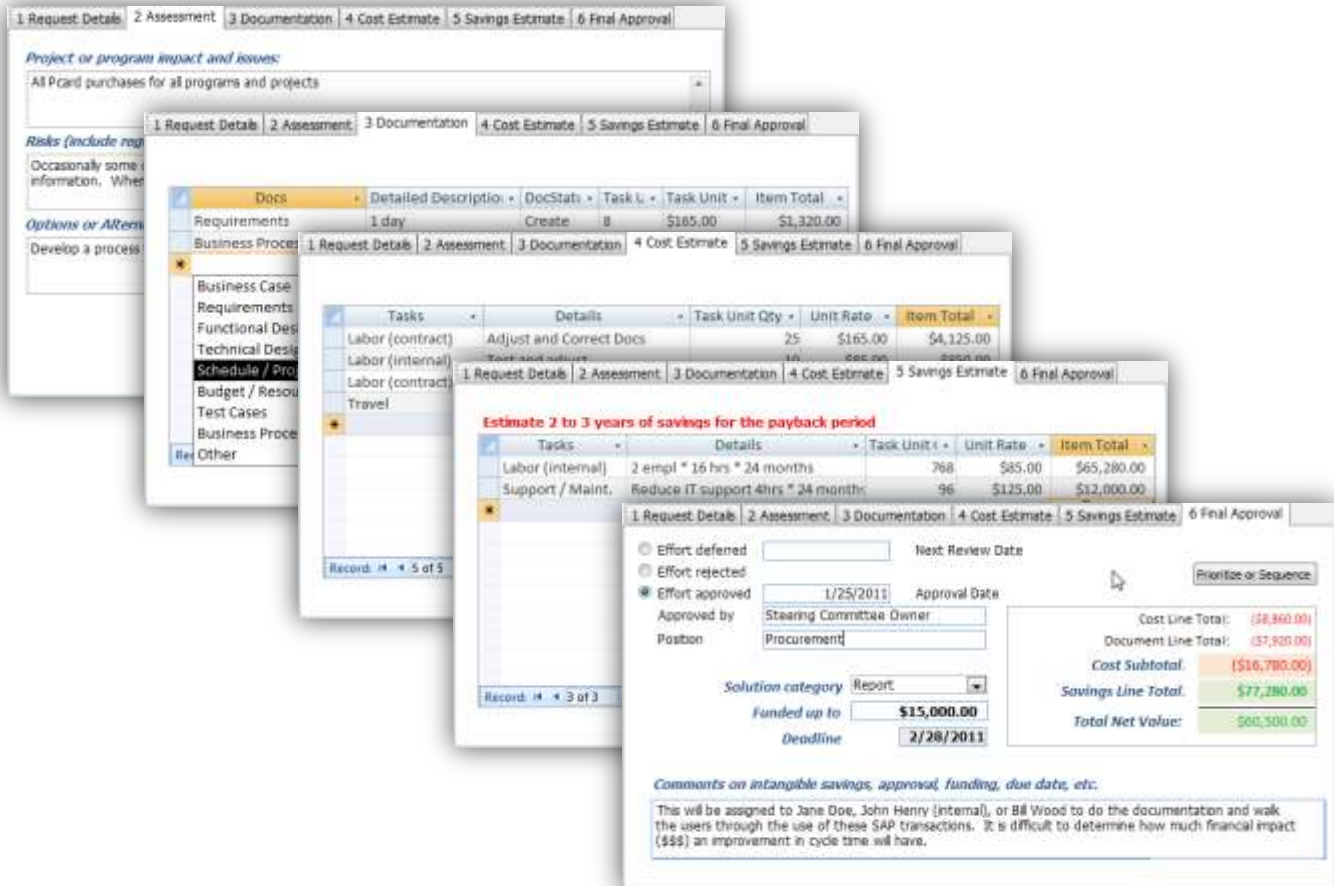This application is aligned with the 7 steps of the Phase 2 Governance graphic above.

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Tabbed Data Entry for Cost / Benefit Analysis

This application follows the classic steps used in decision-making: awareness, insight, and then action. The entire process flow and all of its steps fall into these areas.

This application provides all of the key steps to define and then develop business centered applications. Using the experience and the skill your steering committee has developed in their oversight of the SAP project they can leverage this tool to ensure technology is focused on business needs.

Please send Bill Wood an e-mail message requesting the Roadmap Builder tool. A free link will be provided.

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Steering Committee Business and IT *Convergence*

You reach a point where the experience, skill, and process refinements for the integration of technology into the business is finally settled. The ability to develop meaningful cost / benefit analyses has been refined and the steering committee, business analysts, and IT are beginning to become more integrated in the way they interact and work with each other. There is one more step--, to deliberately blur the lines between IT and business functions.

By taking the steps to require IT personnel to work in various departments for a couple days a month they will begin to appreciate the day to day challenges users face. They will also be able to apply a "fresh set of eyes" to user and business issues to help craft business-centered solutions. By doing the same with selected individuals from the business it will also serve to help them understand the technology challenges and where technology fits into operations. The IT department and the business representatives on the steering committee may evaluate new SAP functionality or even alternative software or technology solutions to address business issues and needs.

This is your internal "exchange student" program between business and IT organizations.

From these interactions the business or IT personnel can take back process or technology changes that are needed to help change or adjust how the business operates. Over time this happens seamlessly and changes the business technology paradigm to finally reach a point of "convergence" where the business not only understands but also appreciates the need for technology **and** the IT organization is seen as an indispensible partner to business operations.

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