The Third Approach to Designing Global Solutions
The full potential of SAP System Landscape Optimization (SLO) cannot be realized as long as it merely used as an IT discipline for implementing certain scenarios to convert data and structures in SAP systems. This approach fails to address the actual problems that customers face in designing the global process and system landscape of their company as a whole.

Only when SLO is deployed as part of an alternative project to the established Greenfield and Brownfield approaches can it generate added value and, thus, set entirely new standards for designing global solutions efficiently. This new, third approach, which uses SLO capabilities and creates holistic company-specific solutions, makes quantum leaps possible and delivers significantly better, faster, and more cost-efficient results. So how can SLO become a powerful lever for global solutions in the fast lane?

For a long time, the world of business processes and SAP applications and the world of data migration and conversion technologies knew little about each other. According to the market survey “SAP System Landscape Optimization (SLO) – Challenges, Benefits, and Strategies in the Age of SAP HANA and Cloud Computing”, conducted by PAC analysts in November 2014, this is starting to change. Having had their own experiences, companies are gaining a better understanding of what SLO-related approaches achieve and what is crucial to success. In addition, greater demands are being placed on SLO. So where are customers experiencing problems?

PAC Study

- Global SAP solutions are very popular. In 70% of the companies surveyed that use SAP, SAP is used globally, i.e. throughout the company. Only 30% of the companies restrict the use of SAP to certain regions. For more than 80% of the IT/SAP managers surveyed, SAP is the most important application from a strategic perspective. Almost three quarters of the companies (74%) use a standardized SAP system for different locations and company divisions.
- The projects are largely process-driven. 76% of respondents rate the harmonization of SAP-based processes in functional areas as relevant. 60% of companies believe that SAP system adjustments are important during restructuring.
- The main drivers of SLO projects are growing requirements from business departments (86%), reporting requirements (73%), and compliance implementation (69%).
- SLO appears to be top of the agenda in the SAP environment for IT/SAP managers: almost 80% of companies have implemented optimization projects in the last two years. Every second company (53%) has concrete plans for SLO projects in the next two years. Most of these projects (93%) will focus on business process modeling, followed by corporate organization modeling (75%), and technology optimization (55%).
- The companies need and seek consulting. The majority (75%) want support from external service providers. Not only do the majority of these companies expect support with technical realization (73%), but they also expect consulting (73%). Therefore, when choosing an SLO service provider, they look for SAP experts who can provide consulting as well as implement the technical solution (91%).

Global Solutions and SLO

The study clearly shows the general problems faced by existing SAP customers. Corporate transformation involves designing the entire process and SAP system landscape. Global SAP change projects have many facets and are implemented for a number of different reasons – business models are adjusted; business units are bought or sold; organizations or reporting structures are optimized, or IT costs are to be reduced through the use of fewer SAP systems. SAP process and system restructuring is driven by efforts to standardize, harmonize, consolidate, centralize, and globalize, as well as by company-wide restructuring projects.

It is worth noting here that SLO is a unique process. Business-related questions always arise in the context of corporate transformations. Data conversion is often a critical part of the job, but it is not the root of the problem. Changes at process level, as well as standardization and harmonization efforts, among other factors, determine the scope for system design and technical data conversion. Although the initial situations differ, changes to processes, systems, and data have to be aligned. How can the problems themselves be managed? What is ultimately the right approach to a global solution?

The Standardization Question

In practice, we often encounter management objectives that are kept very general. Global targets are frequently defined, such as harmonization of processes, greater transparency and comparability, improved exchange of personnel between locations, better collaboration within the Group, and faster adjustments to value-added structures and their regional distribution. Standardization at a global level – standardization, harmonization, consolidation. So far, so good.
But the crux of the matter is how can the benefits of standardization actually be achieved for each company? SAP software is a tool that helps to standardize organizational and operational structures. Nevertheless, it does not answer the question of what action should be taken by a company to standardize these structures. What degree of standardization do existing SAP customers need, and in which areas of their company? To what extent and in what way should they standardize which business processes?

Greenfield and Brownfield

Conventionally, there are two approaches to achieving a global SAP business solution. The first approach involves virtually the entire company. It is regarded as a long, rocky, and expensive road that leads from analysis and restructuring of business processes to introduction of a new, central SAP system based on the Greenfield approach. It ends with the corporate-wide rollout of this solution around the globe. This road is particularly difficult for decentralized company groups, medium-sized groups with heterogeneous portfolios, and companies with a somewhat lower maturity level than a global organization as they balk at the high risks and costs involved.

It was largely due to SLO that the Brownfield approach became a popular alternative for SAP customers who did not want to simply get rid of their existing systems, but rather wanted to continue using them in an appropriate way. In this context, SLO tools enable technical conversion of data and system structures and merging of existing SAP systems. Such projects usually have a much shorter duration, while the professional methods used ensure compliance and the results are largely satisfactory. The disadvantage here is that SLO has difficulty tackling the core problems in relation to global process and system landscapes. The application scenarios for SLO services are limited, the prerequisites for use usually rigid, and they very often turn out to be of little use, particularly for more comprehensive, complex change initiatives.

The Third Approach

There is a third approach to achieving sustainable global solutions. This approach aims to deliver a holistic enterprise solution that is at the same level as the customer’s problem. It is appealing in that it leverages the benefits and experience of both traditional approaches in a flexible way to enable a more direct, quicker, and cost-efficient corporate project for a globally standardized, harmonized, and consolidated process and SAP system landscape. Finding and successfully implementing this third approach requires:
1. Substantial project methodology for defining framework conditions and design requirements in line with the company’s strategic goals and in dialog with management of business departments; this methodology has for the most part a tight schedule and its contents are condensed (M-cbs standardization strategy).

2. A holistic approach to creating global solutions for the process and system landscape

3. Integrated, complete technical expertise on consulting and SLO implementation for processes, data, and systems

4. Process-oriented SLO project methodology applicable to all project constellations with the relevant flexible, efficient, and compliant SLO tools (cbs ET Enterprise Transformer)

5. Business-based, process-oriented approach at both application level and data level (M-cbs)

On the one hand, the third approach secures business IT alignment and the management input required. It answers the necessary questions pertaining to standardization of processes, data, and systems. Stringent methodology (M-cbs) prevents long and expensive draw-out projects and a lack of substance for the final SAP solution to be designed. On the other hand, as a hybrid approach, it harnesses the advantages in terms of speed, costs, and security, and uses minimally invasive methods to transform systems in day-to-day operations with little involvement of business departments, which is what a technical SLO-Brownfield system migration promises.

The benefits: faster results with a far more efficient and low-risk approach, and above all, a tactically astute enterprise project that meets all strategic demands and uses the capabilities and potential of the company in the right way.

**Making Quantum Leaps**

The third approach paves the way for quantum leaps in global solutions. This is exemplified by companies such as Dürr, Kemira, and Wacker Neuson (www.cbs-consulting.com/der-dritte-weg). Standardization interests can be integrated into a global company on a selective, flexible, and granular basis. For example, a “one finance” approach, which focuses on standardization in financial accounting and controlling, can help CFOs who expect their SAP landscape to deliver closer proximity to the business strategy, more controlling competence, and more agility for M&A activities and reorganization, as well as less complexity.

This approach pays off wherever global companies are on the verge of optimizing established structures, processes, and IT systems. It is hard to achieve the goal of a standardized, harmonized, and consolidated ERP and reporting platform, but there is a direct and secure way to do it nonetheless.