# The Fujitsu KISS Report I
## Keeping IT Simplified and Streamlined to Maximize the Business Value of SAP® Applications and SAP HANA®

Around 60 percent of SAP® customers believe there is scope to further exploit the vast capabilities of their SAP® solutions. The key to achieving this is streamlining and simplification. In fact 87 percent agree that 'simplification' is the basis for improvement in many other areas such as costs, flexibility, and harmonization. As an effect companies expect to maximize the business value of SAP® applications and SAP HANA® and ensure better response to changing business needs.

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## Introduction

SAP solutions have supported multi-national companies (MNCs) in their international expansion for many years. SAP customers are realizing the benefits of their SAP implementations and are implementing a mix of modules/applications ranging from customer relationship management through to enterprise resource planning and supply chain management. However, with the explosion of applications and the alignment of IT and the business units across geographic boundaries feedback from the market is that transformation can be a demanding task for managers.

As a SAP Global Partner, Fujitsu is always striving to recognize the key challenges of SAP customers. Being open to listen and learn is the basis for developing solutions and services which are instrumental in maximizing daily SAP operations as well as in transformation processes - and consequently allow IT departments to better support the business. To better understand the actual needs of enterprises using SAP solutions, Fujitsu commissioned Coleman Parkes Research to conduct a global research project. The key objective of the 400+ interviews with senior-level decision makers was to better understand the root causes of business and IT challenges of business transformation projects, explore potential solutions, and draw conclusions as to how organizations can best address these challenges.

## Key Insights

Fifty eight% of companies find they can further exploit the vast capabilities of SAP solutions. A streamlined and standardized SAP software landscape, which helps to better respond to business needs; managed hosted or cloud services that can help to simplify the internal process; and 'simplification' as the basis to improve many other areas (costs, flexibility, harmonization) have been considered as the key factors for improvement. These mentioned also suggest that simplification is not considered to be just another business buzz word. In fact, four areas were identified as having the greatest impact on their SAP landscapes: business processes (66%), IT operations (56%), analytics & data (54%), and cloud (50%).

"The results from this global project highlight that while SAP applications have a major impact on the efficiency of a business any new developments or enhancements have to be carefully planned. The majority of senior IT teams expect complexity is going to increase. But better alignment between IT and the business, improved project management and a focus on the human side of the equation (skills, culture and collaboration) will all positively impact future activities. The focus has to be to keep IT simple and streamlined, centered on the real needs of the business."

Ian Parkes, Managing Director, Coleman Parkes

## Align IT and Business Units to drive efficiencies in SAP Projects

The study results reveal that the business requirements from a SAP deployment vary between the global MNCs. With a focus on the total results, it is clear that each SAP customer has on average four key business requirements from a deployment. These center on improving the business's competitive stance in its markets by improving customer service. They are likely to be to improve efficiencies in order to compete with other companies (54%), to serve external customers better/faster (53%), to streamline applications and systems to drive business continuity (53%) and the need to serve internal customers better/faster (48%). All of this when implemented would lead to a more agile and responsive organization, fit to drive enhanced customer experiences.
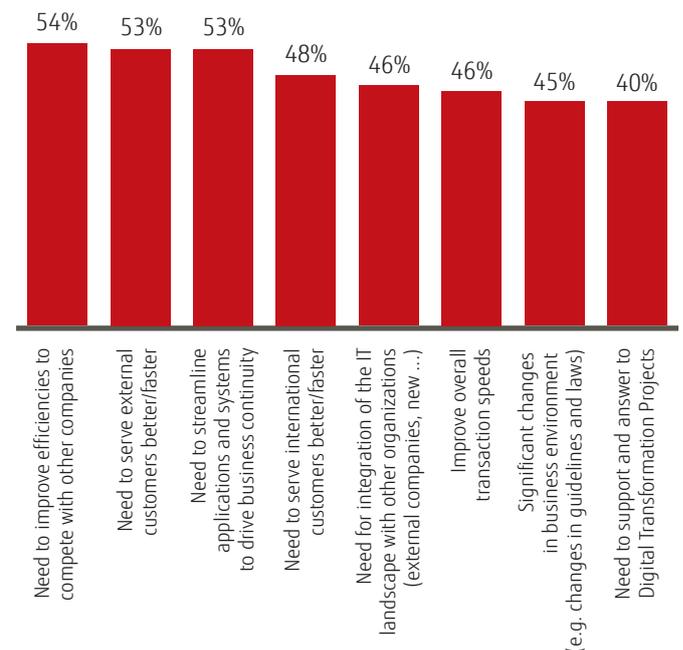
A quote taken from an interview with an SAP specialist from a global retail company emphasizes the importance of a streamlined and more efficient approach to business and how it can help improve the competitive stance in its market.

"Customer satisfaction is one of the major driving factors of SAP. The fact that SAP solutions are integrated allows for better efficiencies in our systems and means we can operate at a higher level, above our competition."

SAP Specialist, Retail, Sweden

The distribution of the total responses shows little variation, which indicates that SAP customers are seeing their SAP implementation impact many different business requirements. It also reflects that business strategy is diverse in the SAP landscape and there is no one single trend that all SAP customers are following. What is clear is that SAP deployments center on speed of change, faster service levels (internal or external) and increased business continuity.

Figure 1: Key Business Requirements from SAP Transformation/Deployment



| Requirement | % |
|---|---|
| Need to improve efficiencies to compete with other companies | 54% |
| Need to serve external customers better/faster | 53% |
| Need to streamline applications and systems to drive business continuity | 53% |
| Need to serve international customers better/faster | 48% |
| Need for integration of the IT landscape with other organizations (external companies, new …) | 46% |
| Improve overall transaction speeds | 46% |
| Significant changes in business environment (e.g. changes in guidelines and laws) | 45% |
| Need to support and answer to Digital Transformation Projects | 40% |

Interestingly, IT related business functions (e.g. senior decision makers of IT departments) have realized more business requirements than non-IT related business functions (e.g. senior decision makers of marketing and finance). For example, the need to serve external customers better/faster (57%, 43% respectively), to serve internal customers better/faster (52%, 39%) and to improve efficiencies to compete with other companies (58%, 46%), are all higher among IT related functions. This indicates that SAP transformation and deployment is being perceived as an IT project more so than a business project in a number of organizations.

With a focus on the most popular **IT requirements** from SAP transformation/deployment, the need to align IT better to respond to business needs (6 in 10) is top (see Figure 2). Separate findings also show that this is particularly strong among stakeholders from IT related functions (6 in 10), revealing disconnects are being realized between IT and business requirements, but more so by key stakeholders in IT related functions. A quote taken from an interview with a senior manager of a manufacturing corporation underlines that a disconnect between stakeholders in IT related and non-IT related functions can lead to complexities. This is mainly because there is a lack of awareness or understanding of how much work goes into an SAP transformation or deployment – this seems to occur mostly with stakeholders who might not be that IT savvy, from non-IT related functions.
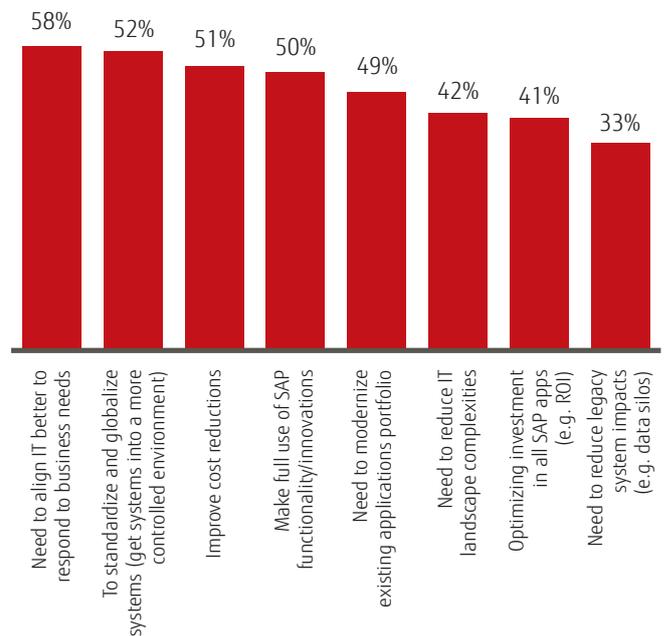
"The transformation process is always complex. A lack of understanding from the business users contributes greatly to the complexities, especially with the requests they make."

Senior Manager - Manufacturing, USA

The next most important IT requirements are to standardize and globalize systems (get systems into a more controlled environment) (52%), to generate cost reductions (51%), to make full use of SAP functionality/innovations (50%) and modernize the existing applications portfolio (49%). It is less about a need to reduce legacy system impacts (e.g. data silos), which underlines that SAP customers are addressing or have already addressed the legacy system impact on SAP.

Comparing the IT related functions with non-IT related functions, once again underlines that SAP is seen more as an IT solution than business solution, but this time pronounced stronger with the 'need to align IT better to respond to business needs' being much higher in IT related functions (63% compared with 47%). This indicates a drive to increase the alignment between the IT and business unit teams. With the SAP solutions touching all departments, understanding the business unit needs is essential for a successful deployment.

**Figure 2: Key IT Requirements from SAP Transformation/Deployment**



| Requirement | % |
|---|---|
| Need to align IT better to respond to business needs | 58% |
| To standardize and globalize systems (get systems into a more controlled environment) | 52% |
| Improve cost reductions | 51% |
| Make full use of SAP functionality/innovations | 50% |
| Need to modernize existing applications portfolio | 49% |
| Need to reduce IT landscape complexities | 42% |
| Optimizing investment in all SAP apps (e.g. ROI) | 41% |
| Need to reduce legacy system impacts (e.g. data silos) | 33% |

### The complexity challenge

Complexities in transformation are being realized, but 6 in 10 respondents said the level is staying the same (31%) or becoming less complex (26%). These customers are likely to be experienced in SAP transformation (some up to 15 years), are certified users of SAP and are business or IT consultants. Some of these companies have their own SAP 'specialists' on-board to help reduce the complexity.

"We have been using SAP for 15 years which has helped us achieve our goal of creating a very lean approach to IT and business processes. SAP enables us to work more efficiently."

CIO, Manufacturing, Finland

"More people are always an option, but I think working with somebody who already has experience with such implementations or a consulting company would be the best way to reduce the complexity."

IT Solution Manager SAP, Logistics, Germany

However, 42% of respondents believe the level of complexity is increasing. This could have major impacts on the organizations involved. It highlights a need to keep things simple and streamlined while still meeting business unit needs, driving increased service and IT delivery and business agility.

Figure 3: Changes In Levels Of Complexities
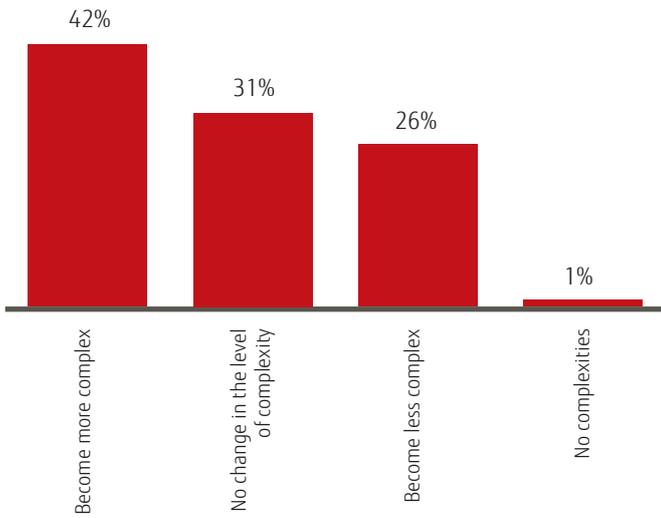


In-depth interviews with senior-level individuals revealed that complexities occur in three different stages: before transformation (planning), during transformation (management) and after transformation (training). Identifying at which stage complexities mainly occur could help CIOs better drive their transformation or deployment projects. Staff training or external support could streamline the process and improve efficiencies.

SAP customers were asked why complexities occurred, with the most common reason mentioned being poor planning, followed by lack of experience and not foreseeing the potential complexities, perhaps due to the global scale of the deployment. Other reasons indicate that the transformation process was too overwhelming for some multi-nationals to cope with – especially while simultaneously trying to maintain normal business operations. This is critical as failure to see the impact of a transformation on the business-as-usual activities can cause major project and business failures.

Changes have to be seen in the full context of the business, how it operates now and how it will operate with the changes in place. Too many companies embark on a major SAP activity with little planning and vision. It is accepted that any changes will be complex – so that potential complexity has to drive excellence in project planning and execution – but that does not seem to be the case. Many companies lack the internal skills and expertise to deliver their change programs and should increasingly seek external third party expertise to provide better program delivery.

With a focus on the challenges related to the complexities, it is apparent that a lack of internal resources seems to be the underlying factor. When questioned it was established that staff training (44%), struggling to maintain normal business operations (31%), lack of skills/talent in the company (29%) and poor communication/planning (21%) added to the challenges being faced. However, challenges in integrating systems and data migration also need consideration.

Figure 4: Key Challenges Related To Complexities
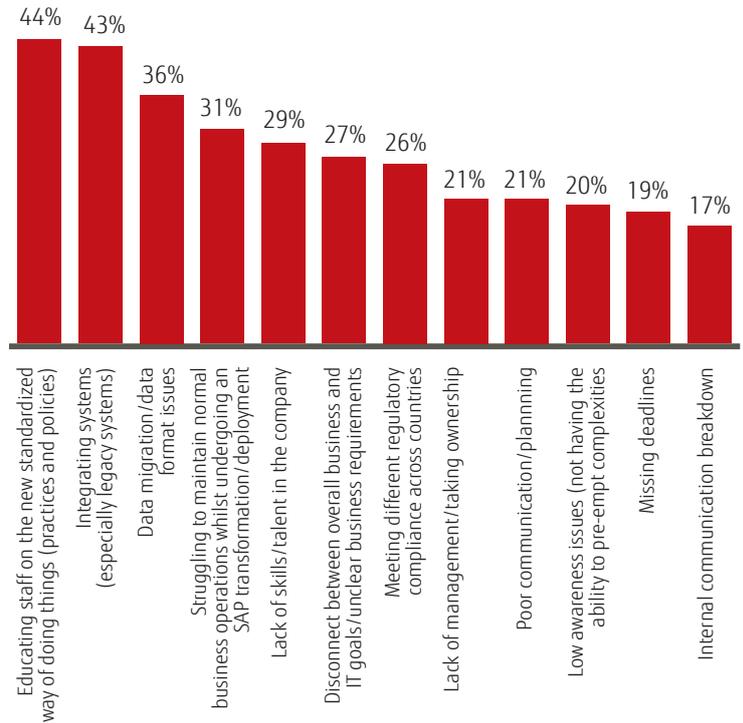


Despite the fact that SAP users were less inclined earlier to say that reducing legacy impact is a key IT requirement (as referenced in Figure 2), integrating systems (especially legacy systems) is proving to be a challenge for 4 in 10 organizations. It requires change management and training.

"It is more to do with change management. It was difficult for some people that had been using legacy systems and lot of integrated systems. To me that was the hardest thing we had overcome. But it appears that we adopted the processing and the use of the systems after a few months of learning that and using it."

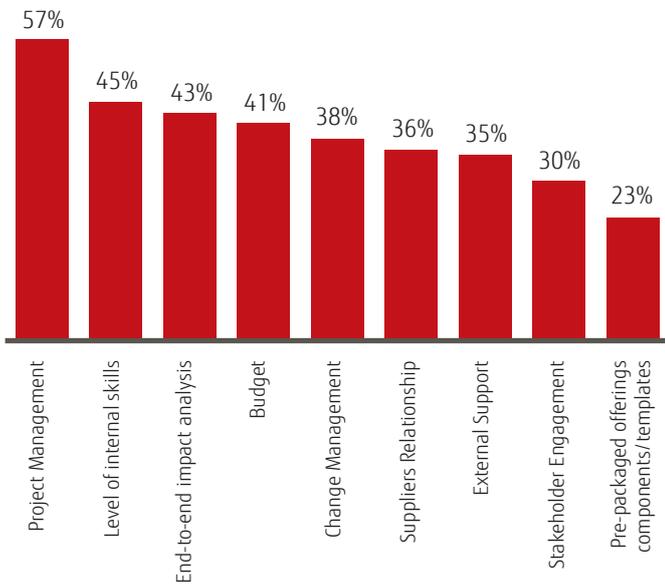SAP FICO Application Analyst, Energy, USA

### Stakeholder engagement drives transformation
Looking at the key success factors in SAP transformation/deployment, we can see that global organizations need internal resource support (particularly with project management and internal skills). One third of companies also state 'stakeholder engagement' as a key success factor. This could suggest low commitment or understanding on the SAP benefits (e.g. from suppliers, customers, staff or even the board of directors).

"We have worked very hard to raise awareness of the importance of SAP to our organization and among our staff. Knowing the capabilities of SAP helps set expectations, which helps reduce complexities in SAP transformation projects."

SAP BI Specialist, Manufacturing, FinlandEnterprise IT Spending

**Figure 5: Key Success Factors
in SAP Transformation/Deployment**

Project Management — 57%
Level of internal skills — 45%
End-to-end impact analysis — 43%
Budget — 41%
Change Management — 38%
Suppliers Relationship — 36%
External Support — 35%
Stakeholder Engagement — 30%
Pre-packaged offerings components/templates — 23%

In many cases organizations forget the human factor, but it is clear from the survey that human interaction is important during an SAP transformation/deployment, with almost 9 in 10 companies stating that good human interaction is important in an SAP®software deployment.

**Figure 6: Level Of Importance In Having Human Interaction During An SAP Transformation/Deployment**

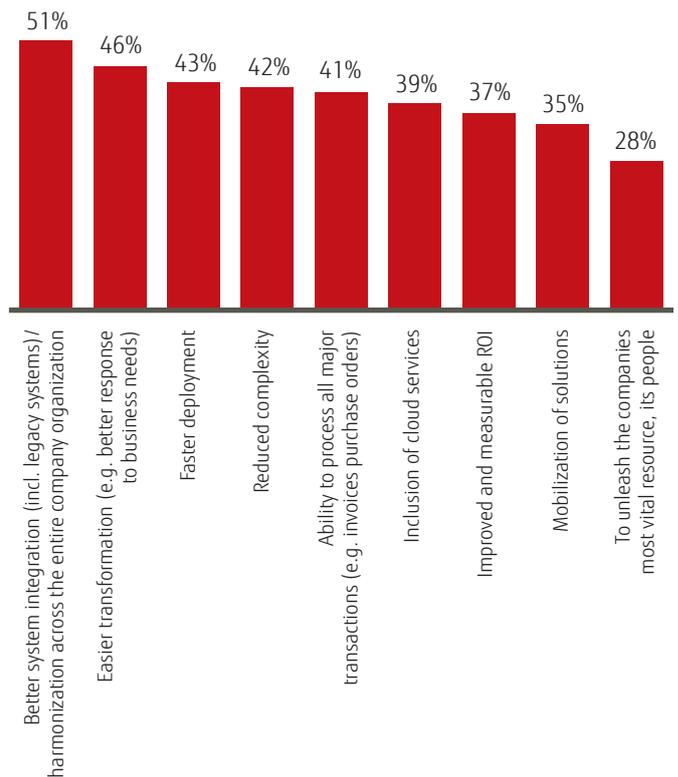Not important — 0%
2 — 0%
3 — 11%
4 — 43%
Very important — 45%
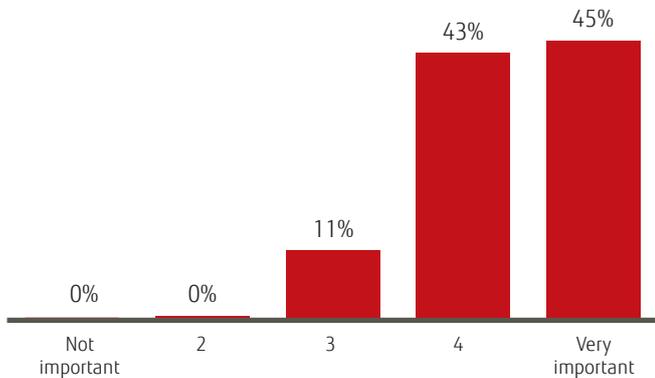
As the challenges are quite unique to each SAP customer, so is the solution. SAP customers that took part in the research suggest that they welcome external support in helping them address their challenges in SAP transformation/deployment. They identify that such support would make the process much easier and more manageable and help relieve their internal resources to focus on other priorities. SAP customers should consider external specialists that can either manage the entire transformation or deployment (with minimal disruption to normal day-to-day business operations), or, work collaboratively as a team and provide support in the areas where internal skills are challenged.

## Simplification is not just another buzz-word

Long-term expectations from their SAP platform suggest SAP customers want an easier transformation and deployment process. They were asked what they are looking for from their SAP transformation/development to successfully deliver in the long term, and the top responses center on making the process easier to implement: better systems integration (51%), easier transformation (46%), and faster deployment (43%) and reduced complexity (42%).

**Figure 7: Long-Term Expectations of SAP Transformation/Deployment**

Better system integration (incl. legacy systems) / harmonization across the entire company organization — 51%
Easier transformation (e.g. better response to business needs) — 46%
Faster deployment — 43%
Reduced complexity — 42%
Ability to process all major transactions (e.g. invoices purchase orders) — 41%
Inclusion of cloud services — 39%
Improved and measurable ROI — 37%
Mobilization of solutions — 35%
To unleash the companies most vital resource, its people — 28%

Attitudes towards SAP landscapes also reflect this need, too. Customers react well to the 'keep it simple' concept, showing high levels of engagement in this area. To put it into perspective, over 8 in 10 global multi-national corporations agreed with nearly all of the SAP positioning statements. The most preferred positioning statements also sum up what SAP customers are demanding – a streamlined and standardized landscape that better responds to business needs (87%), inclusion of services such as cloud will help simplify internal processes (87%) and simplification will help many areas such as SAP applications to create impact (87%). What is important to note is that 6 in 10 agree that simplification is not just another buzz word, it's a concept they buy into.

Figure 8: Attitudes Towards
Improving SAP Landscapes
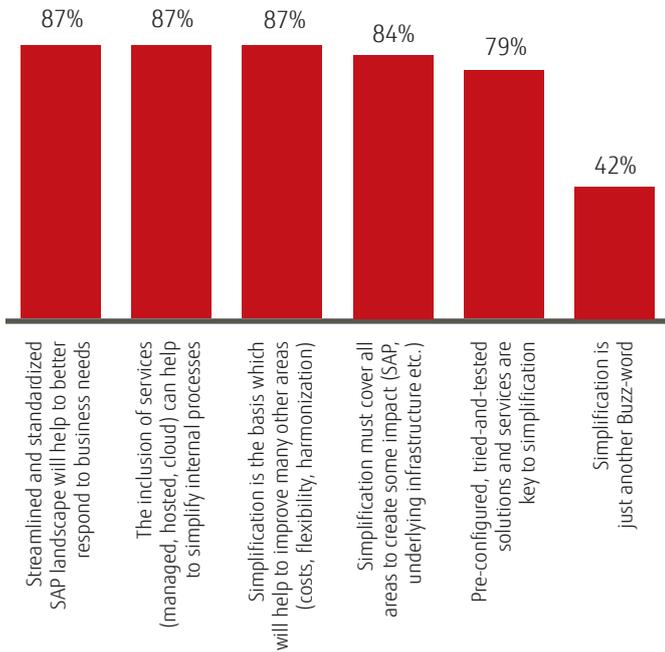


The reality for almost 6 in 10 global organizations is that today they believe they can further exploit the vast capabilities of their SAP solution. The drive and commitment is there to address the root cause which is mainly attributed to challenges with internal resources. The rewards are high in doing so. Organizations will be able to unleash the full power of their SAP system and maximize their competitive stance in the global market.

## Summary

Transformation is considered as a demanding process by nearly all global multi-national corporations (SAP customers). The outliers are experts in this field with many years' experience who advocate the benefits of having a leaner approach to business. The key findings from this study indicate that SAP customers are committed to the solution but recognize that today they do not fully exploit its vast capabilities.

On average customers have four key requirements which are likely to be to:

- Improve efficiencies
- Serve external customers better or faster
- Streamline applications and systems
- Drive business continuity

This 'trend of four' was mirrored by IT requirements, with the most common being to:

- Align IT better to respond to business needs
- Standardize and globalize systems
- Improve cost reductions
- Exploit the full use of SAP solutions functionality and innovations

The main challenge to make the transformation and deployment processes more simple and streamlined is having the right internal resources. It is not just about having the right 'mechanics' on-board (SAP specialist) to look after the nuts and bolts, but also the appropriate levels of awareness and engagement (especially buy-in from stakeholders and business units). When asked if simplification was just another buzz word, 6 in 10 people disagreed. 8 in 10 went on to agree that a streamlined and standardized SAP landscape will help better respond to business needs. This underlines that SAP® customers want to keep SAP transformation and deployment simple and streamlined. Fujitsu will share a second set of findings and recommendations based on the study in 2015.

## Fujitsu and SAP —
## helping customers to transform their business

A trusted SAP Global Partner for over 40 years, Fujitsu has successfully helped thousands of customers worldwide to simplify, innovate and grow based on its reliable and innovative Information and Communications Technology solutions. The company's in-depth industry and technology expertise empowers businesses to achieve their objectives and take the lead over their competition. Fujitsu infrastructure solutions, based on powerful, industry-standard PRIMERGY, PRIMEQUEST and PRIMEFLEX systems, are highly cost-efficient and scalable to match mission-critical readiness with the lowest total cost of ownership.

Fujitsu drives innovation in all areas – from cloud services via managed SAP operations to solutions and services for on-premise deployments. The Fujitsu portfolio for SAP software landscapes includes advanced technologies and services capabilities to deliver tailored future-proof solutions. In collaboration with SAP, our customers and further specialist partners, Fujitsu reduces complexity and optimizes the investment in SAP applications and the SAP HANA® platform. The result is a more efficient enterprise, exceptional ROI and better business outcomes.

### About Fujitsu

Fujitsu is the leading Japanese information and communication technology (ICT) company offering a full range of technology products, solutions and services. Approximately 162,000 Fujitsu people support customers in more than 100 countries. We use our experience and the power of ICT to shape the future of society with our customers. Fujitsu Limited (TSE: 6702) reported consolidated revenues of 4.8 trillion yen (US$46 billion) for the fiscal year ended March 31, 2014. For more information, please see http://www.fujitsu.com.

### Study details

The study was designed to first conduct 20 in-depth interviews with senior-level decision makers within global MNCs and then to quantify the findings using telephone interviews (CATI) amongst 400 more. As all companies taking part were multi-national, a truly global perspective of the findings was successfully achieved. Note that only SAP customers took part in the survey.

### Sample by Methodology

| Region | Qualitative | Quantitative |
|--------|-------------|--------------|
| US | 5 | 100 |
| UK | 5 | 100 |
| Germany | 5 | 100 |
| Nordics | 5 | 100 |

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