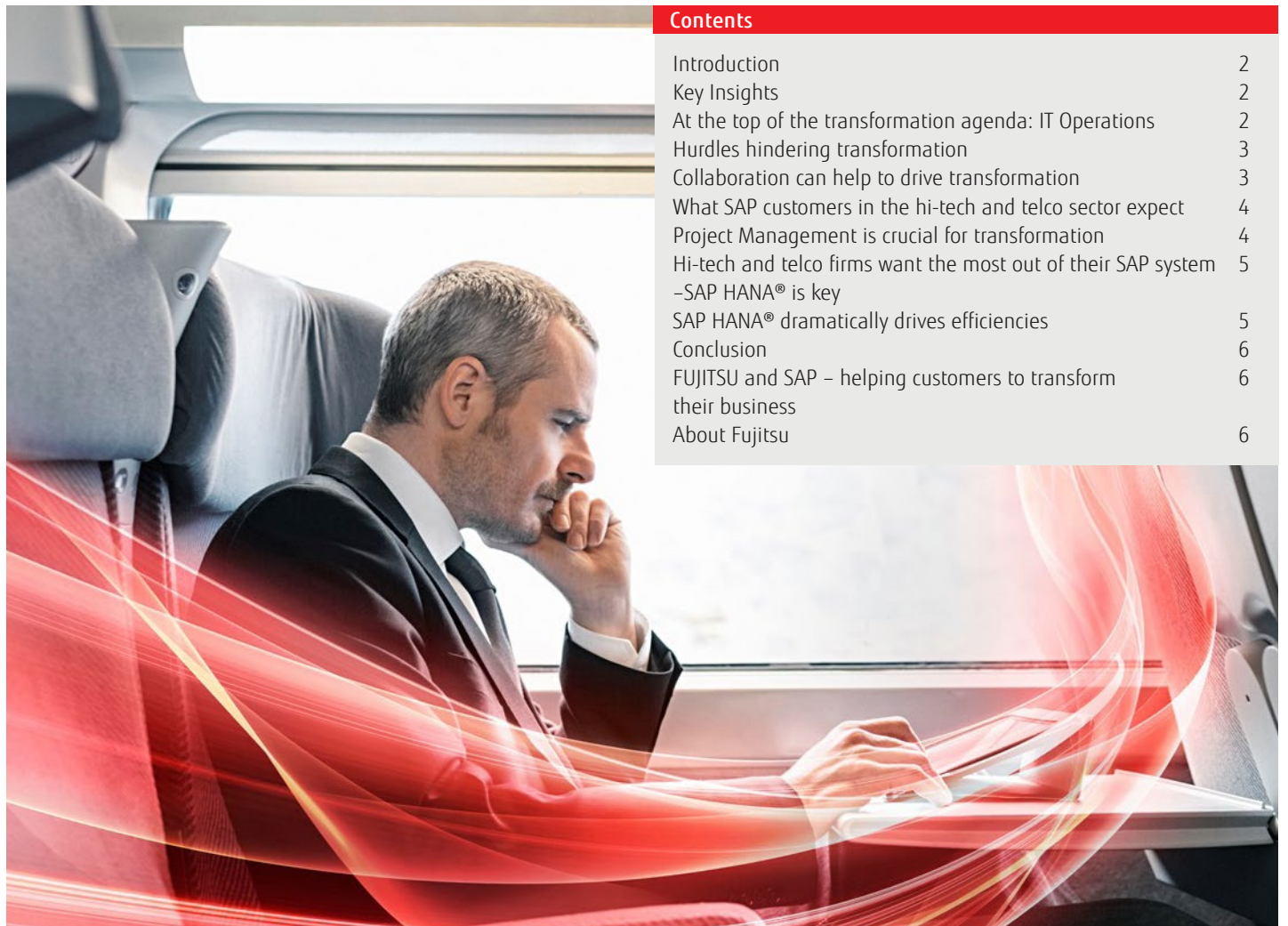**FUJITSU**

The Fujitsu KISS Report – Hi-Tech/Telco
Keeping IT Simplified and Streamlined to maximize the business value of SAP® Applications and SAP HANA®

Markets and customer expectations are changing rapidly. Especially for firms in the hi-tech and telco industry it is essential to stay closer to the customer than ever before. For high tech it is crucial to drive innovation faster and deliver the right innovations ideally packaged as complete solutions. Telecommunication companies operate in a highly price-competitive market and need to ensure that they can monetize the investments made for the deployment, maintenance and upgrading of their networks. Thus they must strictly focus on the development of services which customers are willing to pay for. Improved IT operations, introduction of new business processes and better analytics, especially of customer data, can help companies stay competitive.

Contents

Introduction

SAP solutions have supported organizations in the hi-tech/telco sector with their need to react to changing customer demands for many years. SAP customers are realizing the benefits of their SAP system and undergoing transformation/deployment projects to introduce new modules, applications and technologies such as SAP HANA® that enable further business growth.

To better understand the actual needs of SAP customers in the hi-tech/telco sector, Fujitsu commissioned Coleman Parkes Research to conduct a global research project. The key objective of the 100+ telephone interviews with senior level decision makers from large hi-tech/telco organizations was to better understand the root causes of business and IT challenges with respect to business transformation projects, explore potential solutions, and draw conclusions as to how these organizations can best address these challenges and maximize their investment in their SAP solutions.

Key Insights

- SAP customers in the hi-tech/telco sector, who are undergoing major transformation, place IT Operations, analytics and big data and business operations at the top of their transformation agenda
- More than in other industries, the implementation of new technologies in telco and high-tech companies is delayed by a lack of time and budget. Amazingly, security concerns also play a slightly more important role than e.g. in the financial services industry
- Nearly a third is concerned with how to maintain normal business operations whilst undergoing transformation, especially given the scale of the operation it's likely to affect e.g. downtime
- More than 9 out of 10 SAP customers have invested or plan to invest in SAP HANA® in the next two years (92%)
- **SAP HANA® boosts exploitation: 95% of SAP HANA® users are able to exploit their SAP system to the full!**
- SAP customers recognize the importance of simplification:
  - Simplification is the basis which will help to improve many other areas (costs, flexibility, and harmonization) (85%)
  - Streamlined and standardized SAP landscapes will help customers to better respond to business needs (85%)
  - Simplification must cover all areas to create some impact (SAP applications, underlying infrastructure) (79%)

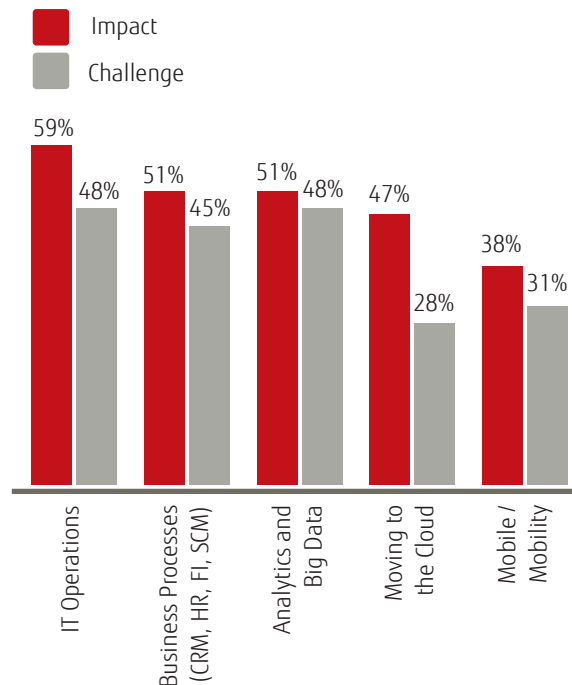## At the top of the transformation agenda: IT Operations

SAP customers in the hi-tech/telco sector reconsider processes and integrate new technology into their existing infrastructure to drive better efficiencies in customer service and sales:

- Improved IT operations provide the agile platform which allows hi-tech/telco organizations to flexibly respond to changing needs and develop products, solutions
- Analytics and big data enable hi-tech/telco organizations to stay closer to their customers than ever before by unleashing the value in their customer data to optimize targeting and marketing plans
- Improved business processes allow hi-tech/telco organizations to stay ahead of their competition thanks to faster provisioning of innovative products and services
- Cloud technology provides hi-tech/telco organizations with access to their internal intelligence and knowledge in every sales situation.

Results from the KISS hi-tech/telco sector survey reveal that improved IT operations are considered most impactful (59%) and therefore likely to be at the top of their transformation agenda. Respondents report that IT operations will enable them to serve their external customers better and faster (56%) and align IT better to respond to business needs (57%).

59 % IT Operations are most impactful

56 % Need to serve External Customers better/faster

57 % Need to align IT better to respond to business needs
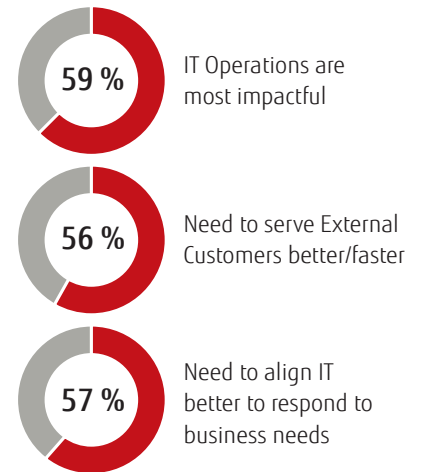
As well as understanding the importance of the trends in IT operations, business processes, analytics and big data and mobility, SAP customers in the hi-tech/telco sector are aware of how challenging they could potentially be when implementing them into their existing infrastructure. Not only are IT operations considered to be the most impactful factor, they are also perceived to be the most challenging to implement. It is likely that this perception is due to the invasive nature of this type of transformation, since IT operations affect nearly all aspects of the SAP customer's IT infrastructure. Therefore, they are likely to be the main transformation focal point for most hi-tech/telco firms.

Impact / Challenge

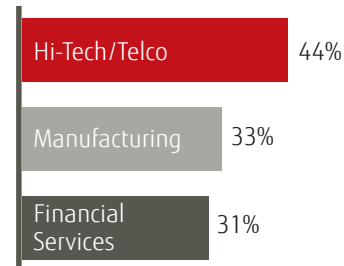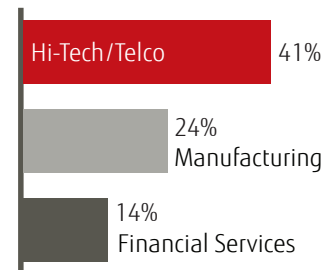|	Impact	Challenge
IT Operations	59%	48%
Business Processes (CRM, HR, FI, SCM)	51%	45%
Analytics and Big Data	51%	48%
Moving to the Cloud	47%	28%
Mobile / Mobility	38%	31%

Hurdles hindering transformation

Focusing on the barriers when implementing new technologies, a lack of budget (44%) and not enough available time to implement (41%) seem to affect SAP customers in the hi-tech/telco sector more so than other sectors. It seems that in order to adopt the new trends in technology they not only have to address their investment concerns but also work out an optimal time frame to conduct the transformation. Probably because of the invasive nature of transforming IT operations SAP customers in the hi-tech/telco sector are mostly concerned with the amount of 'downtime' in their services which are likely to affect their customer base. SAP customers in the hi-tech/telco sector are also concerned with barriers surrounding issues of security (38%).

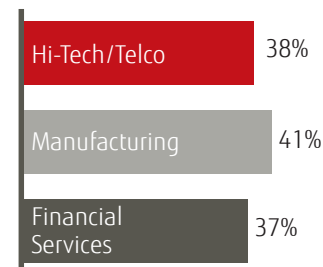## Top three barriers preventing the implementation of new technologies

Lack of budget

Hi-Tech/Telco	44%
Manufacturing	33%
Financial Services	31%

Not enough available time to implement

Hi-Tech/Telco	41%
Manufacturing	24%
Financial Services	14%

Security concerns

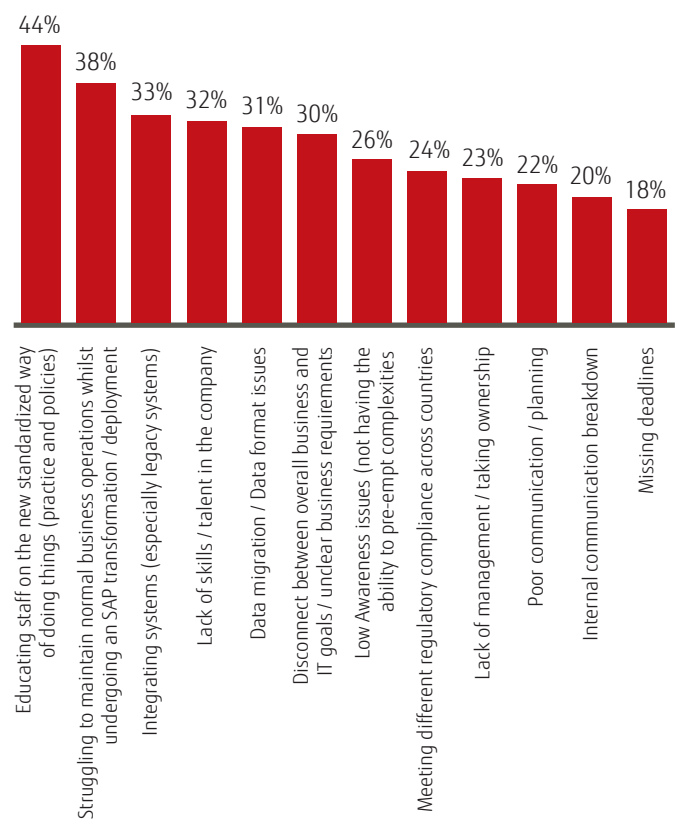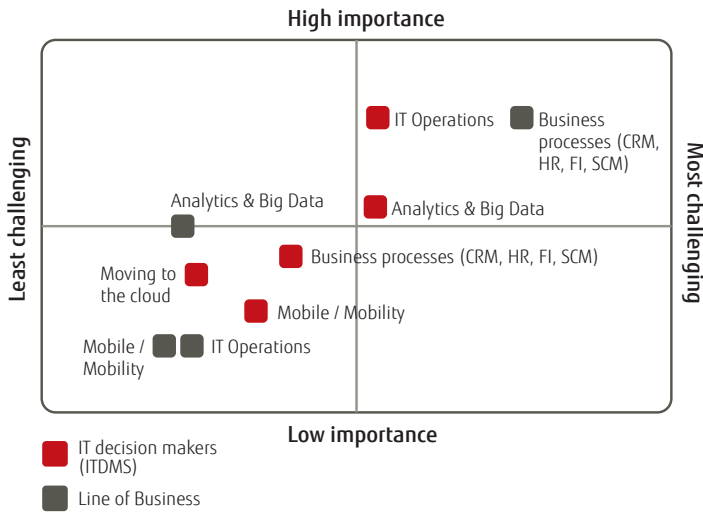|	
Hi-Tech/Telco	38%
Manufacturing	41%
Financial Services	37%

Having not enough time to implement new technology (e.g. IT operations) is a major barrier. Struggling to maintain normal business operations while undergoing transformation is also one of the key challenges for 4 out of 10 SAP customers (38%) in the hi-tech/telco sector. Therefore, it is likely that the job at hand is not being underestimated by SAP customers but could be an area holding them back from fully utilizing new technologies and transforming their current IT operations. Other challenges include educating staff about the new standardized way of doing things (44%) and integrating systems (33%). Both of which could be addressed with the right level of training and guidance from an external service provider.

Challenges when undergoing transformation

Challenge	%
Educating staff on the new standardized way of doing things (practice and policies)	44%
Struggling to maintain normal business operations whilst undergoing an SAP transformation / deployment	38%
Integrating systems (especially legacy systems)	33%
Lack of skills / talent in the company	32%
Data migration / Data format issues	31%
Disconnect between overall business and IT goals / unclear business requirements	30%
Low Awareness issues (not having the ability to pre-empt complexities	26%
Meeting different regulatory compliance across countries	24%
Lack of management / taking ownership	23%
Poor communication / planning	22%
Internal communication breakdown	20%
Missing deadlines	18%

Collaboration can help to drive transformation

IT decision makers and other business decision makers have different opinions on the level of business impact each technology will have and how challenging each technology will be to implement: IT decision makers view IT operations and analytics and big data as the most important factors for the business and also the most challenging to implement. Therefore, these technologies are much higher up the transformation priority list for IT decision makers than implementing new business processes, cloud, and mobility. Other line of business decision makers, however, see changes in business processes as important and also as the most challenging to implement. The possible disconnect between IT decision makers and lines of business regarding these factors could mean there is a lack of internal collaboration or communication between these departments.

High importance

Least challenging — Most challenging

IT Operations — Business processes (CRM, HR, FI, SCM)

Analytics & Big Data

Analytics & Big Data

Business processes (CRM, HR, FI, SCM)

Moving to the cloud

Mobile / Mobility

Mobile / Mobility — IT Operations

Low importance

■ IT decision makers (ITDMS)
■ Line of Business

Given the transformation challenges that lie ahead, it is not a surprise that simplification and a streamlined process are top of their agenda: around 8 out of 10 SAP customers in hi-tech/telco sector agree that simplification is the basis for improvement in many areas (85%), streamlined and standardized SAP landscapes will help customers to better respond to business needs (85%) and simplification must cover all areas to create some impact (79%).

Simplification is the basis for improvement in many years (85%) ✓

Streamlined and standardized SAP landscapes will help customers to better respond to business needs (85%) ✓

Simplification must cover all areas to create some impact (79%) ✓

Recommendation

SAP customers in the hi-tech/telco sector should give IT decision makers a 'seat at the table' during business development discussions. This would provide a significant opportunity for IT decision makers and other departments to meet and discuss their technology needs whilst also understanding the transformation complexities. Potentially, this would allow business decision makers to set aside the 'nice to have' technologies and focus on the technology that will deliver the greatest business impact.
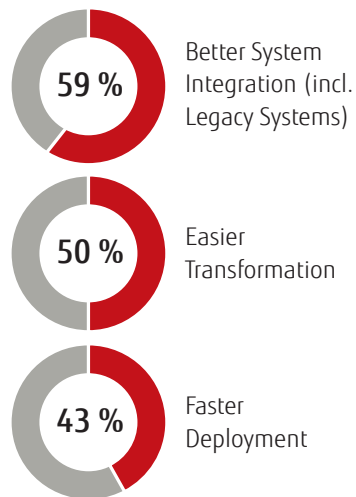
What SAP customers in the hi-tech and telco sector expect

SAP customers in the hi-tech/telco sector expect easier transformation in the long run thanks to better systems integration (59%) and faster deployment of new solutions (43%).
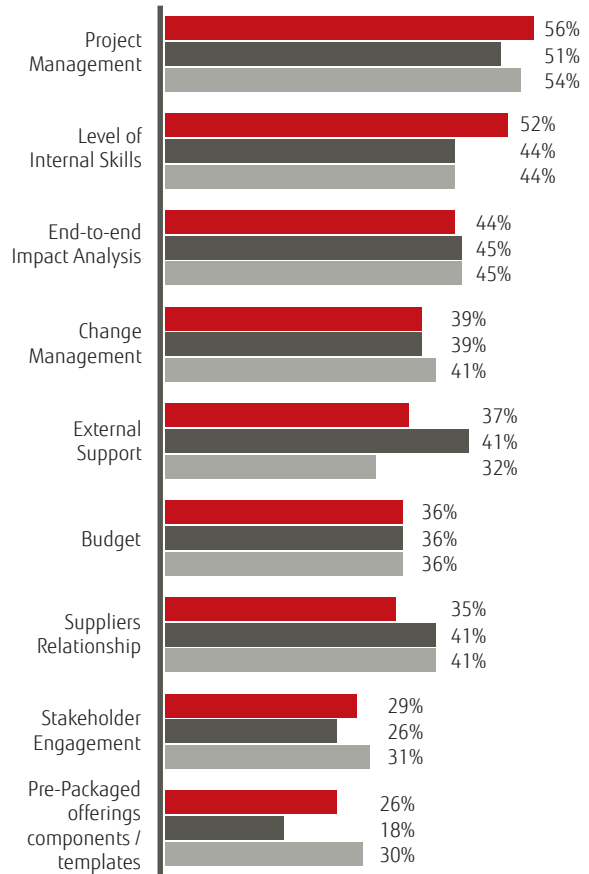
These expectations towards their SAP environment come as no surprise, especially given the time constraints already expressed as a barrier and challenge when undergoing transformation. This is why nearly 4 out of ten SAP customers in the hi-tech/telco sector are concerned with how they will maintain normal business operations whilst undergoing transformation on this scale.

38% of SAP customers in the hi-tech/telco sector struggle to maintain normal business operations whilst undergoing an SAP transformation/deployment
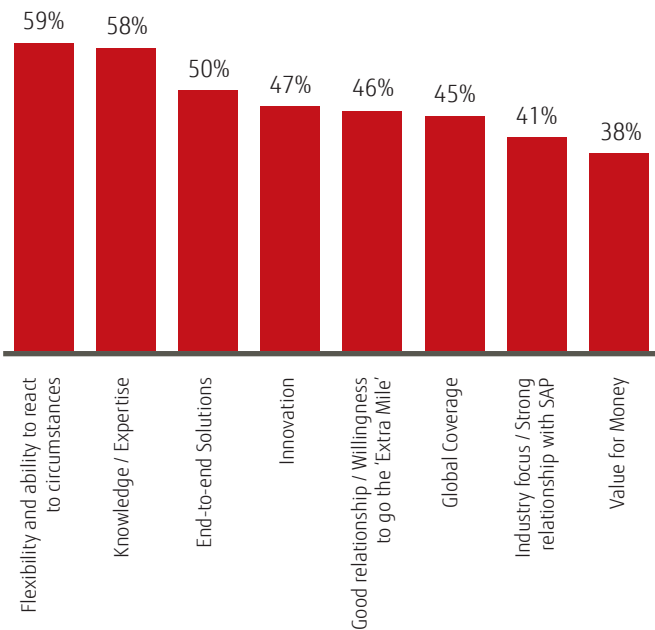
Firms' expectations of SAP in the long term

59 % Better System Integration (incl. Legacy Systems)

50 % Easier Transformation

43 % Faster Deployment

Project Management is crucial for transformation

SAP customers in the hi-tech/telco sector are convinced that project management is key to successful transformation - especially given the scale of the operation and their concerns towards 'downtime'. 52% recognize that they need the right level of internal skills and 37% value external support.

Key factors of a successful SAP transformation/deployment

	Hi-Tech + Telco	Financial Services	Manufacturing
Project Management	56%	51%	54%
Level of Internal Skills	52%	44%	44%
End-to-end Impact Analysis	44%	45%	45%
Change Management	39%	39%	41%
External Support	37%	41%	32%
Budget	36%	36%	36%
Suppliers Relationship	35%	41%	41%
Stakeholder Engagement	29%	26%	31%
Pre-Packaged offerings components / templates	26%	18%	30%

■ Hi-Tech + Telco ■ Financial Services ■ Manufacturing

A lack of time has been mentioned as one of the hurdles hindering the transformation of SAP customers in the hi-tech/telco sector. Therefore, customers in this industry may particularly benefit from external project management skills, which can help to drive time-efficient transformation projects with minimized disruption of day-to-day operations. Results from the survey support this in so far as 6 out of 10 SAP customers in the hi-tech/telco sector will look for a third-party supplier that is flexible and able to react to circumstances (59%) and brings expert knowledge to help simplify and streamline transformation (58%).

Faster provisioning of SAP innovation (56%)

More flexibility in resource allocation (ensure right level of performance where currently needed (56%))

Improved system availability (54%)

Faster provisioning of SAP updates (51%)

The qualitites SAP customers from Hi-tech/Telco Sector look for in a Third Party

|	59%	58%	50%	47%	46%	45%	41%	38%
	Flexibility and ability to react to circumstances	Knowledge / Expertise	End-to-end Solutions	Innovation	Good relationship / Willingness to go the 'Extra Mile'	Global Coverage	Industry focus / Strong relationship with SAP	Value for Money

Side note on budgets
SAP customers in the hi-tech/telco sector report that current budgets are balanced between maintenance and innovation. The reason why investment in innovation is not higher, especially given the size of their operation, is mainly because they lack the dedicated internal skills to innovate (47%) – which is why nearly half of SAP customers look for the innovation quality in their third-party supplier (47%).

Hi-tech and telco firms want the most out of their SAP system - SAP HANA® is key
SAP customers in the hi-tech/telco sector value their SAP system. Compared to other sectors (manufacturing and financial services), they have a similar level of understanding of how much business impact can be achieved through SAP transformation thanks to faster provisioning of innovation (56%, 60%, 53% respectively), more flexibility in resource allocation (56%, 57%, 53%), improved system availability (54%, 56%, 52%), and faster provisioning of SAP updates (51%, 55%, 46%).
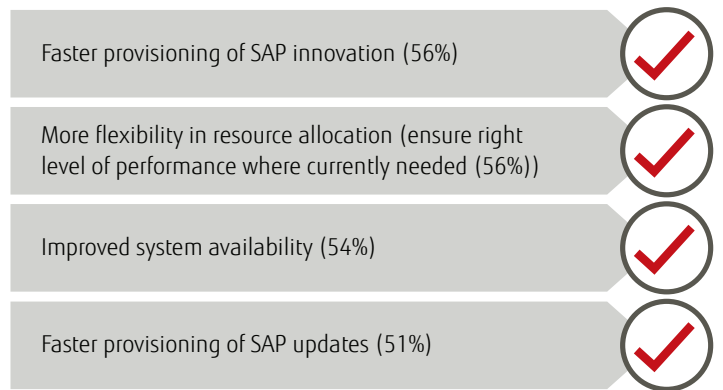
Compared to manufacturing high-tech and telco companies experience moderate utilization of their SAP solutions, with only 42% of customers believing they are currently exploiting the vast capability of their system.

### SAP HANA® dramatically drives efficiencies
A further drive to get the most out of SAP applications is to invest in SAP HANA®, with more than 9 out of 10 SAP customers in the hi-tech/telco sector having done so already or planning to do so in the next two years (92%). The introduction of SAP HANA® is great for transformation projects - for business as well as for IT because it is really a new platform for next-generation applications and analytics which enable innovative business models based on real-time insight and processes.

Results indicate that SAP HANA® dramatically drives SAP efficiencies. Whereas only a moderate proportion (42%) of all SAP customers in the high-tech/telco industry believe they fully exploit the potential of their SAP solution, this number rises to 92% when customers have already implemented SAP HANA®.
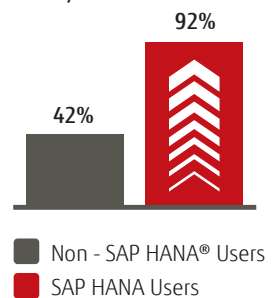
### Firms that believe they are fully exploiting their SAP system today

42 % Hi-Tech/Telco

57 % Manufacturing

39 % Financial Services
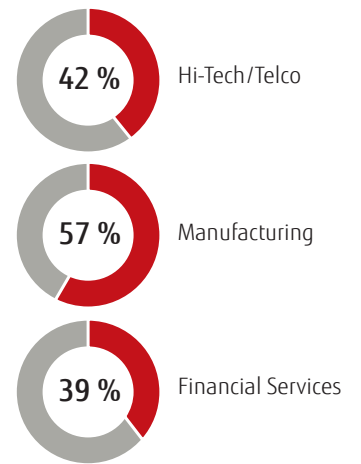
SAP customers already invested in SAP HANA / plan to invest in the next two years

92%
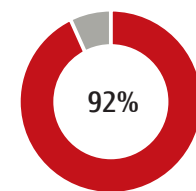
Firms fully utilizing SAP System

42%

92%

■ Non - SAP HANA® Users
■ SAP HANA Users

SAP customers that use SAP HANA® are seeing the benefits. SAP HANA® provides them with more accurate analysis (59%), faster data analysis / real-time analytics – essential for fully utilizing the wealth of customer data they have stored (51%), and more informed decision making (48%), which is crucial given the size and scope of their global operations. In fact a quarter also see SAP HANA® as a means of reducing complexities in transformation projects (27%).of their global operations. In fact a quarter also see SAP HANA® as a means of reducing complexities in transformation projects (27%).

More accurate analysis (59%) ✓

Faster data analysis / real-time analytics (51%) ✓

More informed decision making (48%) ✓

Reduce complexities (27%) ✓
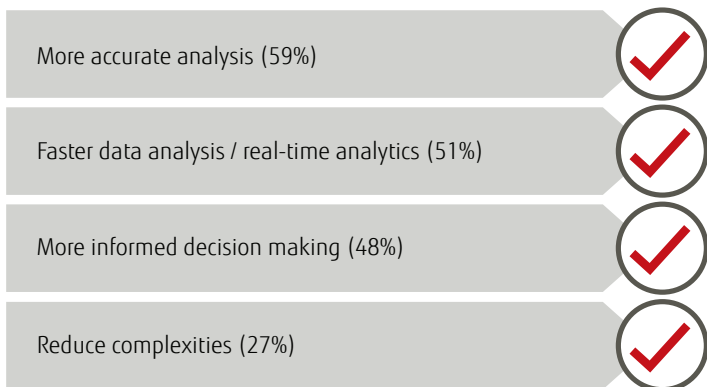
Hi-tech/telco organizations are constantly having to adapt to the change in customer demand in order to survive the competition. SAP solutions help them simplify, streamline and innovate their operations. Specialist third-party support in project management could give them the skills and expertise they need to reduce downtime in order to implement such an important transformation

Conclusion

Enterprises in the high-tech and telco industry are confronted with rapid change and high pressure on costs. Telcos need to keep an eye on the development of services, which clearly differentiate them and which the customers are thus willing to pay for. High-tech companies are not just valued because of the outstanding innovations they bring to market, they also need to increasingly adopt complete solution approaches to win and keep customers. These challenges force telco and high-tech companies to rapidly undergo transformation. The power of SAP solutions and especially SAP HANA® can enable them to do so.

In fact SAP HANA® has already proven to be a booster for better exploitation of the vast capabilities of SAP solutions, which help empower organizations to make the leap towards highly efficient future operations. However, it currently seems that this leap is mainly hindered by inefficient IT operations, which are at the top of the transformation agenda of the majority of companies in the high-tech and telco business. But how can such hurdles be removed?

Results of the survey show that this sector suffers more than other industries from a lack of time and budget – a shortage which can be somewhat compensated by professional project management skills. Third-party support may be an option to drive projects rapidly if partners provide flexibility as well as the availability to react to changing circumstances and a high degree of expert knowledge. "Simplification" is always a must when it comes to transformation projects, because this is seen as the basis for improvement in many areas. Fujitsu is closely aligned with SAP and its Run Simple operating principle that helps customers streamline their processes and increase the agility to create new growth opportunities for their business. The broad Fujitsu portfolio based on advanced technologies and service capabilities reflects traditional SAP applications as well as innovations, such as SAP S/4HANA®

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.