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SAP uses Shared Services to achieve financial efficiency and effectiveness

SAP is Europe's leading software company and a dominant force in the global market for enterprise applications. SAP employs 32,000 employees worldwide of whom 17,000 are based in Germany and another 7,000 in another 24 European countries.

Business challenge

After a benchmarking study of all its European Finance & Accounting (F&A) operations, SAP discovered that, even though all of its locations used SAP software, they were not all benefiting to the same degree. Processes were not standardised, and each location had reached different levels of maturity in deploying the system, leading to an inconsistent roll out of functionality. SAP saw this as an opportunity to improve both the efficiency and effectiveness of its finance processes across the Purchase to Pay, Order to Cash, General Accounting and Billing functions.

Peter Rasper, Head of Finance & Administration at SAP AG, comments: "Our key objective was to increase efficiency by ensuring a high level of process standardization, supported by a consistent software deployment".

SAP decided to achieve this by creating a single shared services model for its finance operations, and to create additional savings by consolidating European operations in a low cost center in Eastern Europe. Such a center would add value through greater customer focus supported by service level agreements, adoption of best practices and an ongoing process of continuous improvement. Further efficiency improvements would come through greater trans-

parency, improved data quality and more rigorous internal control. Finally, country level staff could move away from transaction processing to focus on higher value work such as planning, analysis and decision support.

However, migrating the finance function of 25 countries posed major challenges. The project involved not just setting up a new center from scratch but creating a global template for finance which would also respect local regulatory differences. Getting buy-in and cooperation from local finance staff and management would be crucial, as would be negotiating the complex and sensitive issue of staff reduction and redeployment.

Ralph Neukirchen, the SAP F&A Programme Lead, summarizes the critical success factors: "We had to define and communicate a common, repeatable migration approach supported by a set of standardized tools which the project team would need to become proficient in. People and process migrations would have to take place without disrupting critical functions while ensuring business continuity after migration."

How Accenture helped

When SAP contacted Accenture the board was already confident that there were significant benefits to be had from moving to shared services. Accenture was initially asked to assist with the development of a vision and business case to demonstrate the value of the move to shared services. The business case also defined the scope of the project, particularly in terms of what areas would move to the new center and what would remain at country level. The SAP Board was then able to assess and choose between alternative scenarios, organisational structures and migration strategies. "The Accenture experiences and skills sets were essential contributions to get started and execute the journey", says Peter Rasper.

Working with SAP subject matter experts, a joint SAP and Accenture team redesigned the financial processes and created the process handbooks for the shared services

center. In group workshops with SAP staff from all over Europe, these draft processes were challenged and refined. At the same time, key performance indicators measuring process efficiency and effectiveness were developed, and the teams also identified systems enhancements to support the new, standardised processes. These enhancements, and the rest of the enabling technology for the center, were to be implemented by SAP's own IT team.

Accenture also drew on its expertise in finance and performance management, as well as the experience of its network of European Delivery Centers in service management and delivery. Accenture also used its own support tool, Shared Services Delivered, which integrates the firm's experience of helping other clients move to shared services.

Steven R. Culp, Partner Accenture and project lead, comments: "This experience fed into the creation of viable process models, service level agreements, service pricing mechanisms, governance models and the organizational design frameworks for the new center."

A joint finance and HR team led the communication and change management programmes. Accenture assisted with the development of the people management framework for redundancies and redeployments, and also gave guidance on recruitment and training.

The selected migration approach was to transfer all the finance processes in each country simultaneously and Switzerland was chosen for the pilot migration. "Switzerland was an ideal choice for the pilot," says Steven R. Culp: "It's a medium-sized country, which is nonetheless large enough to have all the processes represented, and with a reasonable degree of complexity in terms of business context, technical skills requirements and languages."

Like every country, Switzerland had a number of country-specific statutory and business requirements. A detailed gap analysis and process split were executed to ensure

maximum benefit would be generated at the Shared Services Center without creating local disruption. From this, a detailed list of which service items would be owned by the center and which by the country was drawn up and fed into the service level agreement.

Accenture's migration approach applied the well-established techniques of work-shadowing and knowledge transfer to the pilot scheme. First, newly-recruited and trained staff from Prague traveled to Switzerland to learn the tasks and absorb the relevant knowledge. Next, key workers from Switzerland traveled to Prague to monitor and support the new workers, building understanding and trust and helping to stabilize and embed the new processes.

After the success of the pilot, the lessons learned were integrated in future migrations, which are now occurring in waves of up to three countries at a time. The exception is Germany, which as SAP's largest finance operation will migrate by process in four stages.

High performance delivered

To date the migration of SAP's finance function has proceeded to schedule and is delivering robust services and benefits to the F&A community. More than 140.000 accounts payable invoices and 100.000 travel incidents have been processed, some 10.000 of customer invoices had been released and the year-end close was performed successfully for the nine participating countries.

To support the ongoing project, Accenture has created a reusable Shared Services Template and Accelerator Tool to capture the experience previous migrations. This living knowledge base, based on SAP's shared services blueprint, contains a detailed description of all that is required to execute a successful migration. The knowledge capital will be continually enriched with output and refinements from the latest successful migration. This will enable SAP staff to secure continuity, quality and consistency of the migration process.

Holger Reimers, client partner for SAP at Accenture comments: "SAP's F&A shared services center has shown significant benefits in terms of cost savings, streamlining of processes and greater efficiency in the way the F&A services are delivered."

About Accenture

Accenture is a global management consulting, technology services and outsourcing company. Committed to delivering innovation, Accenture collaborates with its clients to help them become high-performance businesses and governments. With deep industry and business process expertise, broad global resources and a proven track record, Accenture can mobilize the right people, skills, and technologies to help clients improve their performance. With more than 126,000 people in 48 countries, the company generated net revenues of US\$15.55 billion for the fiscal year ended Aug. 31, 2005. Its home page is www.accenture.com

About SAP

SAP is the world's leading provider of business software solutions. Today, more than 29,800 customers in over 120 countries run more than 100,600 installations of SAP® software – from distinct solutions addressing the needs of small and midsize enterprises to suite solutions for global organizations.

Powered by the SAP NetWeaver® platform to drive innovation and enable business change, mySAP™ Business Suite solutions are helping enterprises around the world improve customer relationships, enhance partner collaboration and create efficiencies across their supply chains and business operations. SAP industry solutions support the unique business processes of more than 25 industry segments, including high tech, retail, public sector and financial services. With subsidiaries in more than 50 countries, the company is listed on several exchanges, including the Frankfurt stock exchange and NYSE under the symbol "SAP." Additional information at www.sap.com.

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