

TRANSCRIPT

ENABLING THE DATA-DRIVEN ENTERPRISE THROUGH TRUSTED MASTER DATA

Angelika Parker | SAP

Angelika Parker

Thank you very much for coming. Good morning also from my side. As you have heard, my name is Angelika Parker from SAP. I've been with SAP for 20 years now and I have seen almost all business areas of SAP. I started off in service and support and then moved on to development, custom development, sales, education, managed services, and last year I joined our own digital IT organization and took over the topic of Master Data Management.

Since that time, we have been working very closely with the Accenture team around Kathrin Schwan and also Tim Schmoley who are here today. I would like to share a little bit about where we are today, what our approach is to data in the business value context, and also what we see as an outlook where we would like to evolve our approach into 2024.

Let me briefly introduce us a little bit more. Data can be anywhere and everywhere in the company. This is about our setup. Today we belong to the board area, HR, and COO. Here we report into the business unit of our Chief Digital Information Officer and our Chief Data Officer.

At the moment we have data and analytics in sister units so that we can focus on foundational topics on either side. But we have a very strong federated collaboration model.

This is an overview of how we work within the Data Management Unit. We treat data as a product, as a service, and then also to unlock business value. This gives a little bit an overview about how my unit is structured and the working models we work in.

First and foremost, we concentrate on two, now three big master data types. The one is customer with account and contact. The other big one is material with license and service material. Focusing on these two types, we can use them as acupuncture points or pressure points for SAP, we can steer and influence the whole company as well as all of our commercial models.

We are now working on building out a third type which is called Cloud Product Master Data or Unified Product Master Data. Because we have seen more and more that we really need to tighten the connection between what we market, what we sell, what we developed, and what we deploy. This is where we focus our attention to.

We also have a team that focuses on data solutions. Data solutions tackles two aspects. One, tools for us internally, for our unit, for our key users in the LOBs. Here we mainly work with our internal customers' marketing, sales, and finance.

The other part is analytics. We do have our own analytics practice here with us, a centre of excellence that provides analytics for our use cases, our internal customers, and then also works very closely with our analytics twin. Then we have data operations and a project management office.

Here you can see our working models. Actually, we work in three very different working models. The first one is rather straightforward. We work as a classical product management function most of our time. We work with our business stakeholders, try and identify use cases for our

data challenges, then break them down into epics and features and then follow a safe model together with our friends from development and architecture. We sprint in three-month cycles and improve our data platform and infrastructure.

The second working model we work in is we provide an advisory and service delivery function to our internal customers as well as a shared service centre for data maintenance questions to our colleagues in sales, marketing, and primarily finance. This shared service centre is actually outsourced to Tata Consulting in India and most of our colleagues here are located in Prague and all over the world so that we can provide a global approach and a 24/7, or 24/5 in our case.

Then last but not least, what we established over the last six to nine months is a very small but highly effective program management office to accommodate the many, many corporate strategic and transformation projects that SAP loves to initiate and to also make sure we are as close as possible to what happens in the business so that we have the opportunity to come in via data to support our business process optimization and/or redesign.

Last but not least, this is usually where the on-top investment sits. We are very happy to also be part of this discussion and that we could get a seat at the table.

Now usually when I introduce our data strategy, I touch these four aspects, I talk about our challenges and opportunities, then give an overview of our strategy and technology and then look at our value aspects and give a brief outlook.

Today, since this is a focused session, I would skip the first two parts and then start with from data to value. I thought I hid these slides so unfortunately, I didn't. But then I will just give you a quick click-through. We come from the top data trends and are very conscious about aligning ourselves to what is happening outside of SAP, what's happening in the market, and what are the trends. Then we hook our data strategy into this and our corporate strategy.

For our corporate strategy also, we are on our journey to a data-driven enterprise and it's important that we are in and we are part of this. These are our priorities that we touch. I don't want to go into too much detail, but as I said, this approach for us of driving data by use case together with the business is something that works and that makes it easy for us to slice the big elephant into pieces, to have a prioritization, and to also then be able to integrate with

decision makers on where to focus first and to prioritize.

Now comes the important part, the beef, so to speak, of this presentation, I would like to introduce four spotlights to you, where we outline how we have worked on our journey from data to value.

What we have done also with the support of Accenture over the last six to nine months, is looking into how can we identify and describe the value that data brings. I would like to introduce these four examples to outline how can we say how data enables revenue, saves, and/or prevent costs. These are just examples to illustrate this.

I have explained to you that we work by use case. Once a use case is implemented or has gone live, we usually have a success story and/or a spotlight. Every spotlight is tied to a use case. The first one is an example around M&A, and I think many of you can relate. Companies buy other companies and then they do a certain type of PMI. It can be smaller, it can be bigger, it's never 100%. Usually, you end up sitting on some infrastructure that's separate and some infrastructure that's joined.

In our case, we also have one acquisition that we acquired earlier, a couple of years earlier. It's not 100% integrated. This part of the business still sits on a separate CRM system. We have had the challenge of this system reporting into our corporate CRM system, but there's no flow back. We have been juggling around this limitation.

What we have done now, together with the business stakeholders, is getting pre-business partner accounts cleaned up, enriched, and extracted and put into our corporate CRM system. By this activity, we were able to generate 13,000 net new accounts for our mid-market business. Based on our value framework that I would like to explain in a minute, we can say that this is worth an incremental revenue of €124 million.

The other topic where we work very closely with our colleagues in finance, especially in cash collection, is around invoicing. Here, yes, big revelation, SAP has thousands of blocked invoices sitting in our systems. Why is that? Some mainly due to master data issues where we don't know who's the recipient of the invoice, what's the correct address for this company, and what is the correct tax ID that should come with it. Here, the first step was we looked into the blocked invoices and there we saw that master data is an issue. We went in and cleaned up the multiple addresses challenge. We made

sure it's very clear what's the sell to, what's the ship to address.

Then we could work with our third-party data sources to identify the missing VAT IDs to complete that. By performing this activity, we could push the dispute cases percentage down by 10%, that we could improve, unlock these invoices, and then book them accordingly.

The third example is around purchase order collection. Here we face the challenge that sometimes we do not know who is the right purchase order responsible on customer side. I'm not sure who is in data management as a full-time job every day. Can you raise your hands? Some, but you have all heard about it, right? If you work in a B2B setting, you are looking at your contact data and that is unfortunately, or fortunately fast decaying.

That means within nine months, usually seven to nine months, all of your B2B contact data is decayed and you have the challenge of keeping this up to date for your transactions. What we have been doing is pushing for a customer self-service and in this case, customer is external customer because we can't keep it up. It's as simple as that. We have about millions of contact data and it's really hinging us in doing business with our customers.

We have introduced a self-service via our *SAP for Me* portal to make sure customers can maintain the correct purchase order responsible. That has helped us reducing our day sales outstanding by three days within nine to twelve months. This is why we got attention from our CFO, positive attention.

Then last but not least, another example account verification. Also here when we look at account creation account verification, sometimes we have longer circle times and everybody goes, "Why do you take so long to create an account? Isn't that easy?" Well, yes, the actual step of doing it is easy. It's a five-minute one.

But when we create an account or update, we verify. I don't know who of you have ever tried to verify an account. It's not straightforward in all cases. Here we have invested a lot because it's very crucial to us. We have had challenges in the past, but now we have really doubled down here to make sure we protect SAP and we do the best we can. As you can see from the example, we could achieve a 9% rejection rate out of less than 10,000 created accounts and this is preventing SAP from potential fines. Also here we can then compare to similar incidents in the past and we can roughly estimate what the cost prevention is that we have achieved here.

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Now I will explain to you via a three-step approach how we come to our values. First of all, back to step one. I said we work with use cases that result in success stories and spotlights. This is another example. Just to give you a bit more idea of what we are all touching, we at SAP, we also introduce our own software. Yes, it's true. In this case it's SAP billing and revenue innovation management and that is consolidation of how we send or handle our invoices. We have a country rollout that we pursue and you can see by the numbers that for us it's also about simplification consolidation and making this process ready for more automation.

We take such a spotlight and then we take a look at our value framework. We have come up with three-by-three metrics to come to the value calculation. On the one-hand side, you can see the time impact. Sometimes we have spotlights that give us a one-time of impact only or we have an already recurring annual impact that we can outline or a future recurring annual impact.

We look at three different categories. The one is the cost prevention, the other cost saving, and the third one cost revenue enabling. You will ask yourself, "Why is she not talking about a fourth one, namely revenue generation?" Well, the answer is easy and complicated at the same time. Easy, we are not there yet. Complicated because it's complicated.

It's complicated as a data unit to really clearly add to revenue generating. I hope we can tackle it towards 24, 25. That to me, there's lots of potential in our self-service scenarios. Let's see. For now, we are happy that we have the three here under control and that we can outline the value that we get from the different activities via these metrics.

Here it now all comes together in the process that we have finally operationalized. We take our spotlights and then we have a little Excel that helps us calculating depending on whether we see the potential for revenue enabling, cost saving and/or cost prevention and take a conservative approach to calculate a minimum, mid, or maximum value. Then the biggest achievement and/or challenge and/or step is that we have this approved by our area controller. The whole Excel and model is verified by our controlling and by our business stakeholders.

In the past we had the challenge of, "Yeah, but it's only your data guys saying it." It's really important to have controlling standing by your side and the business stakeholders and only if you get that approval, you are fine. For transparency because obviously everybody keeps

asking, "But what's your value this month? What did you do last month?" We have put everything together on a dashboard so that's available for self-service. That has absolutely helped cooling down the nerves and emotions when it comes to data at SAP and has helped us to stay focused on our facts, on our values and on our business cases.

Then where do we go next? This value analysis has been one of our major cornerstones and breakthroughs. This is so helpful when we have internal discussions around capacity, around on top investments, about continuous improvement. We have also now managed to get the value numbers back into our GYRA system. For all features that we develop, we also feedback what the calculated value is that we see.

In the first example about the M&A that I shared with you, we will go back now, we only did this in summer. We will go back after half a year, nine months, twelve months to measure whether what the real revenue was or is that has come with these leads.

At the end of the day, it's not about the number, it's not whether it's 1 million or 1.2 or 1.5 or only 800K. But it's more about the message that you send and more about the acceptance that you get within your company that there is actually a value around that magnitude or size.

Then based on our experience, what has been super crucial is this aspect of collaboration. It sounds very common sense, but unfortunately, common sense is not always common practice. We have to reiterate again and again that data is a team sport. You can see that when I talk about close collaboration with our business and our controlling so it addresses all functions of the company because we are part of all business processes and we keep on reiterating this. This is not something that comes natural and stays there. Then we have invested a lot into our technology that this is supporting our business which is in constant effort and then our stakeholder management.

As I've already mentioned, putting out the facts, putting out the values, giving our stakeholders a business speech, that really resonated. Because when you talk about data, it's like being the national soccer trainer. There are 2000 other national soccer trainers. They all have an opinion, they all have their own experience, which usually is our data quality is bad and there are so many emotions around it. This has helped us to keep things grounded, professional, fact-based and in a way that we can also take decisions or prioritize and then move on.

I would also like to mention that I can only recommend hiring an executive communications person. This has been the best decision in my time here in data management because we get a lot of questions from our board, from our senior executives, from our employees, from various target groups. It really helps that you have somebody in your team who helps you translate from data to common sense, to business language, to executive, and then to board. Here, as I said, one person is already enough to facilitate that.

Last but not least on strategy, I've also briefly touched on it. It's crucial for me to see that our data strategy is closely tied to our corporate strategy. For me, data today is still very far away from our strategy, from our business processes, from our business that we drive, from our commercial models and we need to integrate to be able to grow together and take the next step. With this I would like to thank you for your attention and I'm happy to answer any questions or hear any comments.

Audience/Host

Vielen Dank. Thank you very much. Do we have any questions? One question for the time.

Audience/Host

I would like to understand how your lessons that you learned are also included maybe in SAP products so that also customers of SAP products can also improve their master data or is it completely detached from SAP product development?

Angelika Parker

Not completely detached, of course. We sit on almost all SAP products that you can dream about in data management. We also have a lot of third-party software. What we do or did is developing an own data platform as a data layer that spans it all.

Then we of course, work with the MDG team, for example, the standard development CRM team, the Data Sphere team, et cetera, to try and also act as one of the first customers and give feedback to product development, the product management teams that the overall improvements get into the system. But this is more yeah, I'm more like the first user of SAP software here as well, internally, and facing the same challenges and opportunities as many of you.

Audience/Host

One more, time-wise. Okay, one more and then we move on.

Angelika Parker

The answer is yes.

Audience/Host

I know it's a great topic. Go ahead.

Angelika Parker

Still yes.

Audience/Host

Just a short one. You showed that metrics, how you calculate the costs or how you present the costs. My question is, how do you calculate the costs? Because my understanding is, okay, you are maintaining the master data and so on, but in the end, the cost efficiency needs to come from the business, more or less. They need to calculate.

Angelika Parker

Yeah, we calculate together, yeah.

Audience/Host

You do it really together and say, "Okay, that is my spotlight." Then you sit together, say, business unit and say, okay, "What would bring you what kind of benefit you expect from that?"

Angelika Parker

It's more straightforward. For cost saving, it's the most straightforward case because usually we talk about automation, then we have the fully coded cost rates from the people who spent the hours on the previously manual or semi-manual task, and we get a solid number. That's a straightforward case.

For cost prevention, we compare to previous fines and then take the... Make an informed judgment. For revenue enabling, I just said we have the leads and then can go back and see how much revenue they generated. It's solid. It's not about guessing or guesstimates. It's as solid as you can be. To be acceptable to our stakeholders, we take a defensive approach and then give these ranges. With that, we stand a good ground in discussions.

Audience/Host

Thank you.

Angelika Parker

I'm happy to share more later over coffee. Thanks.

Audience/Host

Thank you very much, Angelika.

Angelika Parker

Thanks.

Emcee

That was great.