SAP’s five BPM Deliverables

The Open Group Conference San Diego
February 2 – 4 2009

Ann Rosenberg
BTC Global Practice Ownership for Business Process Management
Senior Business Process Management Consultant
SAP AG
This presentation outlines our general product direction and should not be relied on in making a purchase decision. This presentation is not subject to your license agreement or any other agreement with SAP. SAP has no obligation to pursue any course of business outlined in this presentation or to develop or release any functionality mentioned in this presentation. This presentation and SAP’s strategy and possible future developments are subject to change and may be changed by SAP at any time for any reason without notice. This document is provided without a warranty of any kind, either express or implied, including but not limited to, the implied warranties of merchantability, fitness for a particular purpose, or non-infringement. SAP assumes no responsibility for errors or omissions in this document, except if such damages were caused by SAP intentionally or grossly negligent.
<table>
<thead>
<tr>
<th>Top 10 Business Priorities</th>
<th>Ranking</th>
<th>Top 10 Technology Priorities</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business process improvement</td>
<td>1</td>
<td>Business intelligence</td>
<td>1</td>
</tr>
<tr>
<td>Reducing enterprise costs</td>
<td>2</td>
<td>Enterprise applications (ERP, CRM and others)</td>
<td>2</td>
</tr>
<tr>
<td>Improving enterprise workforce effectiveness</td>
<td>3</td>
<td>Servers and storage technologies (virtualization)</td>
<td>3</td>
</tr>
<tr>
<td>Attracting and retaining new customers</td>
<td>4</td>
<td>Legacy application modernization</td>
<td>4</td>
</tr>
<tr>
<td>Increasing the use of information/analytics</td>
<td>5</td>
<td>Collaboration technologies</td>
<td>5</td>
</tr>
<tr>
<td>Creating new products or services (innovation)</td>
<td>6</td>
<td>Networking, voice and data communications</td>
<td>6</td>
</tr>
<tr>
<td>Targeting customers and markets more effectively</td>
<td>7</td>
<td>Technical infrastructure</td>
<td>7</td>
</tr>
<tr>
<td>Managing change initiatives</td>
<td>8</td>
<td>Security technologies</td>
<td>8</td>
</tr>
<tr>
<td>Expanding current customer relationships</td>
<td>9</td>
<td>Service-oriented applications and architecture</td>
<td>9</td>
</tr>
<tr>
<td>Expanding into new markets and geographies</td>
<td>10</td>
<td>Document management</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Gartner EXP (January 2009)
SAP’s Roadmap for Business Process Management (BPM)

Methodology and Governance

1. STRATEGY
   - LINK TO STRATEGY
   - DEFINE STRATEGY
   - DEFINE BASICS
2. SET-UP
   - CREATE BASIS
   - DEVELOP ANALYTICS
   - ADD PROCESS-BASED RESOURCES
3. TRANSITION
   - OPTIMIZE PROCESSES
   - MANAGE CHANGE
   - EXPAND REPORTING
4. CONTINUOUS IMPROVEMENT
   - PERFORM AUDITS
   - DEFINE PORTFOLIO
   - ALLOCATE BUDGET
   - PERFORM ANALYSIS
   - CREATE METHODS
   - HARMONIZE TERMS

BPM Technology

BPX Certification and BPX Community

voted #3 in terms of popularity on www.sappress.com
From 2nd Generation to 3rd Generation
How BPM can drive alignment !!!

- Upgrade to Business Suite (3rd Generation Standard Systems)
- IT Projects (SAP and Non SAP)
- SOA/Composing Tools (Galaxy)
- Six Sigma Process Improvement Projects
- Application Management (Solman)
How BPM can drive alignment !!!

Upgrade to Business Suite (3rd Generation Standard Systems)

IT Projects (SAP and Non SAP)

SOA/Composing Tools (Galaxy)

Six Sigma Process Improvement Projects

Application Management (Solman)
Agenda

Business Process Management: A new strategic context?

SAPs five BPM Deliverables
The Evolution of Process Management

Central Ideas
- Business Process
- Process Lifecycle
- Capability Maturity

Evolution (Time)

Evolution (Quality)

- Toyota Production System
- Total Quality Management
- Lean Manufacturing
- Six-sigma
- Business Process Re-engineering
- Business Process Management
- Industrial Engineering
Business Process Management (BPM) is a management discipline that requires organizations to shift to process-centric thinking, and to reduce their reliance on traditional territorial and functional structures.

BPM requires and enables organizations to manage the complete revision cycles of their processes, from process design to monitoring and optimization, and to change them more frequently to adjust to changing circumstances.

The development of BPM technologies is enabling business managers to abstract process flows and rules from the underlying applications and infrastructure, and to change them directly.

BPM is neither a technology nor an updated version of BPR. It is an IT-enabled management discipline. It represents a fundamental change in how business manage and run their processes.

Source: Gartner Business Process Management Summit 2007
Business Process Management covers both automated and manual perspective.

Manual Activities

Typically >80%

Automated Activities

Typically <20%

End to End process spans manual and automated activities.

Processes that deliver competitive advantage and evolve regularly (SOA - Candidates)

Typically <20%

Differencing Activities

Typically >80%

Standard Activities

Processes that should be as cost effective as possible

© SAP 2009 / Ann Rosenberg/ BPM Page 11
## Architectural Maturity Stages, by Ross

Companies move from standardization to business modularity

<table>
<thead>
<tr>
<th>History</th>
<th>Today</th>
<th>Future</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IT capability</strong></td>
<td>Business Silos</td>
<td>Standardized Technology</td>
</tr>
<tr>
<td>Local IT applications</td>
<td>Shared technical platforms</td>
<td>Companywide standardized processes or databases</td>
</tr>
<tr>
<td><strong>Business objectives</strong></td>
<td>ROI of local business initiatives</td>
<td>Reduced IT cost</td>
</tr>
<tr>
<td><strong>Who defines applications</strong></td>
<td>Local business leaders</td>
<td>IT and business unit leaders</td>
</tr>
<tr>
<td><strong>Strategic implications</strong></td>
<td>Local/functional optimization</td>
<td>IT efficiency</td>
</tr>
</tbody>
</table>

*Source: Ross et. al, 2006*
SAP Enterprise Service Architecture ensures low TCO and flexibility without disruption – Support Business Modularity

(Ross, Standardized Technology and Optimized Core)

Traditional Architecture

UI

Logic

Application

Data

Enterprise Services Architecture
SAP Business Suite

Composite Applications

Best Practice

Enterprise Service Repository

Innovation for Differentiation

Stability and Reliability

© SAP 2009 / Ann Rosenberg/ BPM Page 13
Case study “Arla Foods “IT history” and the direction outlined in the strategic IT plan for 2007-2012.”

(Ross, Standardized Technology and Optimized Core) (Ross, Business Modularity)
Case study “Arla Foods “IT history” and the direction outlined in the strategic IT plan for 2007-2012.”

(Ross, Business Modularity)
The process maturity journey which is needed to execute Business Modularity

(Ross, Business Modularity)

Level 1
No organized processes

A culture of heroes

- New Functionality

Level 2
Some organized processes

Processes are improved at the work group or department level

- IT cost reduction and control
- Reduce time-to-market
- Documented processes

Level 3
Most Processes Organized

Processes are organized and redesigned at the enterprise level

- Business responsiveness
- Change business process quickly and effectively

Level 4
Processes are measured and managed systematically

- Transformation from reactive to real-time
- Increase Transparency

Level 5
Processes are continuously improved

Process Teams continuously improve processes

- Business optimization
- Increase decision quality
- Optimization across boarders of Bus. & IT

Based on CMMI
A New Strategic Context for BPM

Source: Business Process Management - The SAP Roadmap
Agenda

Business Process Management: A new strategic context?

SAPs five BPM Deliverables

- BPM Governance
- BPM Methodology
- BPM Technology
- BPM Certification
- BPX Community
SAP’s Roadmap for Business Process Management (BPM)

The 5 BPM deliverables

Methodology and Governance

- STRATEGY
  - LINK TO STRATEGY
  - DEFINE BUILDING BLOCKS
  - CHOOSE PATH
  - MONITOR FIT-GAP

- SET-UP
  - DEFINE BASICS
  - DEVELOP ANALYTICS
  - CREATE METHODS
  - HARMONIZE TERMS

- TRANSITION
  - CREATE BASIS
  - PERFORM ANALYSIS
  - DEFINE PORTFOLIO
  - OPTIMIZE PROCESSES

- CONTINUOUS IMPROVEMENT
  - ADD PROCESS-BASED REWARDS
  - EXPAND REPORTING
  - ALLOCATE BUDGET
  - PERFORM AUDITS

BPM Technology

BPX Certification and BPX Community
In order to realize a BPM Governance, SAP offers a structured 4 step approach:

1. **STRATEGY**
   - Link to Strategy
   - Define Building Blocks
   - Choose Path
   - Monitor Fit-Gap

2. **SET-UP**
   - Define Basics
   - Develop Analytics
   - Create Methods
   - Harmonize Terms

3. **TRANSITION**
   - Create Basis
   - Perform Analysis
   - Define Portfolio
   - Optimize Processes

4. **CONTINUOUS IMPROVEMENT**
   - Add Process-Based Rewards
   - Expand Reporting
   - Allocate Budget
   - Perform Audits

---

**COMMUNICATE & TRAIN**

**MANAGE CHANGE**

**BUILD PROCESS-CENTRIC IT**
SAP’s New BPM Methodology — Supplement to ASAP

Process Management Life Cycle (PML) integrated with Six Sigma

SAP BPM Methodology
- Calibration
- As-Is analysis
- To-Be process design
- Solution transformation

Accelerated SAP (ASAP)
- Project Preparation
- Business Blueprint
- Realization
- Final Preparation
- Go Life & Support

Project Management Methodology (PMM)
- Discovery
- Evaluation
- Implement
- Initiate
- Plan
- Execute/Control
- Close

Process Operations
SAP Enterprise Modeling applications by IDS Scheer complement the Business Process Management capabilities of SAP NetWeaver.

**Business to Model**
SAP Enterprise Modeling applications by IDS Scheer

**Model to Execution**
SAP NetWeaver Business Process Management

- Process Composer
- Process Desk
- Process Server
Personas Across the Enterprise

Business
- Business User
- Business Expert
- Business Process Experts (BPX)
- Business Analyst (BA)
- Process Architect (PA)
- Info Architect (IA)

IT
- IT Admin
- Application Consultant
- IT Services Developer
- IT Developer – ‘Hard Core’

Design collaboration
- vertical
  - layers of abstraction
- horizontal
  - multi-design user support
  - threaded model discussions
  - model differencing
We have created curriculum to prepare you for the exams: Business Process Expert (Associate)

### BPM and SAP Basic

- **SAP01**: SAP Overview
- **SAPNW**: SAP NW Overview
- **BPM010**: BPM010: A New Strategic Context?

### BPM Governance

- **BPM300**: 3 Day Governance Overview: (Strategy, Set-Up, Transition, Continues Improvement and BPM supporting activities)

### BPM Methodology

- **BPM100**: 2 Days Methodology

### BPM Technology

- **BPM020**: Modeling overview IDS Scheer
- **BPM130**: 2 Days BPM130 SAP Business Designer by IDS Scheer
- **SOA100**: 2 Days SOA100 SAP Enterprise SOA Fundamental
- **SMO01**: SMO01 Solution Manager Overview
- **BPM030**: BPM030 Solution Manager in a BPM set-up

© SAP 2008 / BPM2008 / BPMX Page 24
We have created curriculum to prepare you for the exams: Business Process Expert (Professional)

**BPM and SAP Basic**

**SAP BPX Certification for Associate and Professional**

**BPM Governance**

**BPM310**
3 Day

BPM310 Governance in detail:
(Strategy, Set-Up, Transition, Continues Improvement, Build a Process-Centric IT, Manage Change and Communication and Training)

**BPM Methodology**

**SOA120**
2 Days

SOA120 Methodology for BPM blending with SOA

**BPM Technology**

**BPM150**
2 Days

BPM150 SAP Business Server and Publisher, Enterprise Modeling, Process Optimization and Performance Management by IDS Scheer

**BPM140**
3 Days

BPM140 Model to Execution (SAP NetWeaver Business Process Management)
BUSINESS PROCESS EXPERT COMMUNITY
BRIDGING THE GAP BETWEEN BUSINESS AND INFORMATION TECHNOLOGY

BUILT TO ADAPT: HIGH-VELOCITY TRANSFORMATION AND INTEGRATION
This article, republished with permission from synovation, Volume 3, Issue 3 (www.edc.com/synovation), looks at how reinventing and adapting processes swiftly is key to survival in an environment of turbo-charged change. 16 Jan 2009

UPHEAVAL IN ACCOUNTING STANDARDS: THE SEC ANNOUNCES SUPPORT FOR IFRS
As David Frankel, standards architect for SAP Labs, describes in his new blog, the U.S. Securities and Exchange Commission (SEC) plans to move all corporate earnings reporting to the International Financial Reporting Standard (IFRS) sometime between 2014 and 2016. 18 Jan 2009

FEATURED BLOG: COMMENTS ON "SOA IS DEAD - LONG LIVE SERVICES!"
Dries Ruth, of Intelligence AG, comments on the blog by Anne Thomas Maritz ("SOA is Dead - Long Live Services"). While Anne argues that SOA has turned into a disillusionment, Dries points out in this blog that she has put her finger on the problem that needs attention. Services! 15 Jan 2009

Recently Featured
- BPM Versus Process Improvement
- New Blog Series on Banking and SOA
- The Hogs of Java You Never Heard

SAP MENTOR BLOGS
- Satomi: Putting GRC into Perspective - Donnie Hoffsommer
- Would You Like to Be a Gardener of

© SAP 2008 / BPM2008/ BPMX Page 26
For more information, please feel free to get in touch with:

Ann Rosenberg
SAP
BTC Global PO for BPM
+45 29 23 33 40 Mobile
ann.rosenberg@sap.com
www.sap.com
No part of this publication may be reproduced or transmitted in any form or for any purpose without the express permission of SAP AG. The information contained herein may be changed without prior notice.

Some software products marketed by SAP AG and its distributors contain proprietary software components of other software vendors.

SAP, R/3, xApps, xApp, SAP NetWeaver, Duet, SAP Business ByDesign, ByeDesign, PartnerEdge and other SAP products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of SAP AG in Germany and in several other countries all over the world. All other product and service names mentioned and associated logos displayed are the trademarks of their respective companies. Data contained in this document serves informational purposes only. National product specifications may vary.

The information in this document is proprietary to SAP. No part of this document may be reproduced, copied, or transmitted in any form or for any purpose without the express prior written permission of SAP AG. This document is a preliminary version and not subject to your license agreement or any other agreement with SAP. This document contains only intended strategies, developments, and functionalities of the SAP® product and is not intended to be binding upon SAP to any particular course of business, product strategy, and/or development. Please note that this document is subject to change and may be changed by SAP at any time without notice. SAP assumes no responsibility for errors or omissions in this document. SAP does not warrant the accuracy or completeness of the information, text, graphics, links, or other items contained within this material. This document is provided without a warranty of any kind, either express or implied, including but not limited to the implied warranties of merchantability, fitness for a particular purpose, or non-infringement.

SAP shall have no liability for damages of any kind including without limitation direct, special, indirect, or consequential damages that may result from the use of these materials. This limitation shall not apply in cases of intent or gross negligence.

The statutory liability for personal injury and defective products is not affected. SAP has no control over the information that you may access through the use of hot links contained in these materials and does not endorse your use of third-party Web pages nor provide any warranty whatsoever relating to third-party Web pages.

Weitergabe und Vervielfältigung dieser Publikation oder von Teilen daraus sind, zu welchem Zweck und in welcher Form auch immer, ohne die ausdrückliche schriftliche Genehmigung durch SAP AG nicht gestattet. In dieser Publikation enthaltene Informationen können ohne vorherige Ankündigung geändert werden.

Einein von der SAP AG und deren Vertriebspartnern vertriebene Softwareprodukte können Softwarekomponenten umfassen, die Eigentum anderer Softwarehersteller sind.


Die gesetzliche Haftung bei Personenschäden oder Produkthaftung bleibt unberührt. Die Informationen, auf die Sie möglicherweise über die in diesem Material enthaltenen Hotlinks zugreifen, unterliegen nicht dem Einfluss von SAP, und SAP unterstützt nicht die Nutzung von Internetseiten Dritter durch Sie und gibt keinerlei Gewährleistungen oder Zusagen über Internetseiten Dritter ab.

Alle Rechte vorbehalten.

© SAP 2008 / SAP TechEd 08 / BPM103 Page 28