



**Your SAP Immaturity  
is Showing  
Growing Up to Measurable  
Business Value**

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**SAP DROVE THE SUBJECT OF IT INTO THE BOARDROOM**

and since 1996 it is no longer sufficient to justify IT investments in technical terms. After the Great Wave of SAP acquisitions prior to Y2K, installed clients have struggled to gain value, either in cost reductions or enhanced revenues, and vendors are increasingly pasting the term “value-based” in front of products or services that do not necessarily lead to measurable dollar-based value.

While value can be realized intangibly as in “everyone likes this software more than the old legacy junk”, a more appropriate notion of value is financial. And yet, the vast majority of firms in the SAP installed base have little idea of the financial value that is being derived from their SAP investments.

*“In public hand-polls, no one admits that their firm is either thriving or clueless.”*

An informal poll of a half dozen analysts and consultants I know suggests the following breakdown:

<b>Thriving (20%)</b>
1. Business driven
2. Center of Excellence (or equivalent)
3. Motivated, knowledgeable users
<b>Cruising (20%)</b>
1. Business involved
2. Knowledgeable users
3. Some measures
<b>Ho Hum (40%)</b>
1. IT led, business is distant
2. Some measures
3. Struggling users
<b>Clueless (20%)</b>
1. All IT, all the time
2. No measures
3. Low level of training
4. No user support

In public hand-polls, no one admits that their firm is either thriving or clueless and many of us in the consulting world have stories about those sixty percent of SAP clients who are Ho-Hum or worse.

- The guitar manufacturer that implemented without a single hour of outside consulting help
- The major petroleum firm with nearly 300 instances on top of 300+ JDE installations
- The pharmaceuticals firm with seven separate sprawling SAP installations
- Another pharmaceuticals firm that spent \$50M undoing \$45M worth of ABAP customization just so they could upgrade
- A wood products firm with six of twelve divisions on SAP and the other six in varying states of legacy hell

- A services firm with 10% of its staff thriving on SAP and the other 90% stuck in manual labor
- A small manufacturing firm with fifty users that ran through four project managers in less than a year
- A global electronics firm that went live in more than twenty countries and then agreed that they had over-customized and so started the project all over again.
- The scion of a family-owned firm that took zero advice from his systems integrators, vastly under spent on the implementation and training, and then wished he'd spent the money on a new winter home in Florida (where end user training includes the positioning of lounge chairs and the mixing of mai tai's).

And yet, when I am in discussion with leadership at many such firms, I am told that “things are getting better” or “we have a plan” or even “we have a center of excellence”. Perhaps the most disconcerting such discussion I have ever had was with a VP of SAP at a billion dollar manufacturer who admitted that their SAP back-office implementation had been a disaster, that they had vastly over-customized, that the users had no clue how to use the software, and that day-to-day support was over-taxing their limited resource. When I asked what plans they had for the near future, I was told “We’re implementing CRM.”

### Doing a Fine Job of Standing Still

Industry analyst firms such as Gartner Inc., Forrester Research, and IDC spend a lot of ink on maturity models regarding enterprise software, hardware, middleware, and the like. The concentration is upon the maturity (usability, robustness, flexibility) of such assets. At a given point, a product or service is deemed “mature” but I seldom see the other

necessary arc in such a conclusion and that is the arc of client maturity.



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systems experience, including sixteen years in consulting, Mr. Doane advises clients on strategies, implementation and integration, service provider selection and management, and best practices and methods for deriving value from enterprise applications investments. In addition to prior roles as a practice lead at Grant Thornton and The Consulting Alliance, Mr. Doane has directed several major consulting engagements for large systems integrators, most notably in financials and logistics in North America, Europe, and Asia. Prior to entering the world of consulting, he was the European IS director for the Plessey Company Ltd. and Ferry Peter, a division of Wiggins Teape.

From 2001 through 2007, he worked as an industry analyst at META Group and Performance Monitor. At META Group, Mr. Doane created and led the Professional Services Strategies group and was a contributing member of the Enterprise Applications Strategies group. He is widely published (including five books on SAP) and has led more than fifty executive seminars on enterprise applications strategies and best practices. He provided a keynote at the 2002 North American

SAP business software and its underlying technology have been generally deemed “mature” since about 2003. The functionality is such that there have been no new functional releases in years and while we all have dissatisfactions (mine is recently centered on usability), it is generally agreed that the software and middleware are robust.

As stated earlier, however, we estimate that only one in five SAP clients is actually thriving. Needless to say, this observation leads to a belief that widespread client SAP maturity is not yet there.

IT staff at SAP client sites often deny a lack of maturity because they are assessing their SAP *in only IT terms*. It may be that their SAP applications are in a pristine condition. SAP has run its external assessments and given its highest marks. Excellence in SAP is to be commended. But even with excellence attained at this level, it may be that:

- Business stakeholders do not have the business intelligence they need to help the business evolve and thrive
- End users only fulfill the tasks they have been taught
- Despite a rapidly changing business climate, they have too little flexibility to do more than tweak the business processes
- They collectively have no idea what effect their SAP has on the firm’s bottom line.

If your SAP applications platform is merely a functional utility, however pristine, you are doing a fine job of standing still.

Like the VP I mentioned who was moving straight to CRM after a failed ERP implementation, too many firms fall into the “Shop till you drop at the SAP mall” syndrome by which the purchase of more software is

intended to address post-implementation issues. The result is that ever more shakeout issues are raised.

Some years ago I gathered a considerable amount of primary research from the installed base. Here is the result of 100 SAP clients responding to the question: Which of the following implementation issues are causing post-implementation problems?

Implementation Issues Affecting Post-Implementation		
Issue	Long Term Effect	100 Firms
A There was no quantifiable measurement of business benefits derived from implementation	Business leadership has not seen "visible" value of SAP investments	59%
B We had insufficient knowledge transfer	SAP support staff lacking competency and confidence.	56%
C After go-live, we broke up the implementation team and left IT to support the installation	Business and IT alignment is lost	55%
D We shortchanged end user training due to time or budget limitations	End users are lacking competency and confidence	51%
E We over-customized the software rather than adopting inherent business practices	Software maintenance remains an issue. Business staff cannot configure.	47%
F We have too many versions or instances to manage = not getting integration as planned	Application maintenance is a burden and evolution is hindered.	21%

These issues have proven not to be merely the objects of a post-implementation shake-out but the cause of many clients’ chronic lack of SAP maturity.

## What is SAP Maturity?

In 2001, when I left the SAP consulting fields to join META Group as an industry analyst, I changed the focus of my research from pre go-live to post go-live and quickly had the great good fortune to make two acquaintances. The first was a woman recently retired from Delta who had actually researched various post-implementation organizational models and was kind enough to turn over some of her material. The second was Jack Childs of SAP, whose role at the time was care and nurturing of about thirty key SAP clients. It was Jack who was able to point me toward firms that, in relative terms, were thriving after go-live. The milestone of my first phase of research was a white paper that outlined a theoretic SAP center of excellence.

To my amazement, I received a great number of e-mails and phone calls from far and wide asking for more. Quite suddenly I had direct access to a number of clients who could share their experiences and, best of all, lessons learned, many of which included the unfortunate effects of rushed implementation projects. The upshot at that time was participation in a 2002 SAPHIRE keynote on the subject of SAP Centers of Excellence.

Over time, we were able to discern the common characteristics of firms that we successful in deriving measurable value from their SAP investments. Among these were:

- **Business & IT Alignment:** unlike firms that broke up their implementation teams after go-live, the model firms retained a formal and continuous relationship between business stakeholders (often in the form of business process owners) and SAP applications and technical staff.
- **Capable End Users and Supports:** firms that provided sufficient ongoing training and support to end users.
- **Enterprise Applications Stability:** firms that had sufficiently stable applications and interfaces so that ongoing maintenance was not eroding resource availability.

- **Value Management:** firms that had the means to measure current business performance, target improvements, and monitor progress.

As opposed to the aforementioned organizations that are doing a good job of standing still, such firms are deemed mature because they are doing a good job of moving forward.

In the course of our field experiences as well as primary research, we found that SAP clients tend to follow a pattern of denial, realization, and determination in the first three years after Go-Live.

Denial is the presumption in the first year after Go-Live that all will be well once the installation is simply stabilized.

Realization occurs in the second year after Go-Live as the shake-out continues with no end in sight.

Determination to seek sounder solutions often takes place in the third or fourth year after Go-Live. It is at this point that a majority of clients understand that their SAP support organization is inadequate. The question thus turns to priorities and directions. What actions are required and in what order to improve SAP maturity? Do you consolidate the gains you've made through the implementation of new applications? Push forward with extended applications? Refine end user competency? Reduce customizations? Improve business processes?

Many clients pick one or two initiatives, based on some leadership vision, and simply plow forward without knowing fully which activities will lead them out of the SAP woods and which activities will only lead them deeper in.

## Finding Directions to Business Value with an SAP Maturity Model

As a result of my research since 2001, multiple clients have asked me to assess their SAP installations. For many, I have interviewed business and SAP leaders and provided my "expert" opinion. No matter how formally and thoroughly I made such assessments (enhanced by interview scripts, best practices checklists, and the like) I never felt that they were convincing or effective. Leadership staff was never entirely forthcoming in the interviews, most especially when they were done in group settings. Further, I was too often viewed more as an arbiter of ideas rather than an analyst or diagnostician. Such assessment exercises also had the unfortunate characteristic of being costly.

In 2003, frustrated with these efforts, I seized on a simpler and more credible way of providing clients an SAP maturity assessment based upon their own collective input. The initial inspiration was the development of an SAP Maturity Model covering a client's initial implementation to stabilization and then to three stages of a Center of Excellence: defined, managed, and evolving. While the following model has been tweaked since 2003, it is, in itself, mature:

To gain an initial understanding of their SAP maturity relative to this model, my clients assign 25 to 40 knowledgeable business stakeholders and SAP support leaders to a simple survey. The survey consists of 37 best practices statements and each respondent provides a reflection of the firm's adherence (or lack thereof) to each on a defined scale of 1 (no way) to 10 (for sure). Input is anonymous and we throw out outliers (e.g. all responses = 10).

## The SAP Maturity Model

SAP Maturity Model				
Level	Business/IT Alignment	Enterprise Applications	End Users	Value Management
1 Core SAP	There is a link between business and IT for configuration updates.	SAP is not overly customized; core implementation is complete	Basic end user training is complete.	Some tangible measures of success are in place
2 Stable SAP	The role of business in SAP evolution is defined.	SAP is the backbone of enterprise applications. Applications interfacing is complete.	End users fulfill SAP functions without excessive help desk or support.	Business results are tracked through the system
3 CoE Defined	Business has active ownership of business processes. Current KPI is measured.	The applications portfolio is inventoried.	End users receive periodic refresher training	Key performance indicators are established for all levels
4 CoE Managed	KPI measures and targets are in the system. EPMO directs business process transformation.	The applications portfolio has been rationalized.	End users are trained to business processes and continuous training is in place.	Business process changes are directed by KPI results
5 CoE Evolving	Business process change is guided by KPI performance and configuration is in the hands of business.	The applications portfolio has been optimized.	End user job performance is linked to business process performance	Business process changes are guided by effective business intelligence

Unsurprisingly, most firms do well enough for Level 1: Core Implementation as did the example firm below:

CORE IMPLEMENTATION			OVERALL RESULT/DIAGNOSTICS
Statement	Category	Import Weight	
We are finished implementing/rolling out our SAP	APPLICATIONS	15%	Implementation is satisfactorily complete
Our end users have received adequate training:	END USERS	10%	End user understanding of systems is good
We are not adding significant new modules or applications	APPLICATIONS	15%	Current mods/apps are stable
We did not over-customize our applications	APPLICATIONS	15%	Customization is somewhat heavy
We have some tangible success measures	VALUE MGT	20%	Some measures are in place but need better
Support staff has received SAP training	APPLICATIONS	15%	IT staff is fully trained and well positioned
We have a link from business to IT for application updates	BUS/IT ALIGNMENT	10%	Business and IT collaboration is excellent

Most clients have fairly positive results through the first two levels and but group input reflects a shortfall when it comes to the Center of Excellence levels. The following is an example of Level 5: Center of Excellence Evolving:



CoE EVOLVING			OVERALL RESULT/DIAGNOSTICS
Statement	Category	Import Weight	
Business staff configures SAP/enterprise applications	BUS/IT ALIGNMENT	18%	IT is still too involved in business configuration
End user performance is linked to busin process performance	END USERS	20%	There is some link in this regard: to address
Business process changes are guided by effective BI	VALUE MGT	20%	Advise better leverage of KPI results
Business processes are continually reviewed & improved	BUS/IT ALIGNMENT	20%	Little or no business process improvement
Our applications portfolio has been optimized	APPLICATIONS	12%	Little apps portfolio optimization is seen
Outsourced supports are highly effective	APPLICATIONS	10%	Outsourced supports need serious attention

This client was advised to: 1) establish business measures at the KPI level, 2) approach business stakeholders with an offer to improve those results, and 3) formalize a working group of business and IT staff to continuously address business process improvement.

Clients are often initially taken aback by the results, usually because the informed collective opinion is not heeded in a day-to-day operating environment and key decision-making is confined to IT leadership. Since respondents are also divided into two groups, (usually business and IT/Tech) we are able to identify and measure where these groups are misaligned. In the main, IT respondents tends to be far more sunny-side up than are business respondents.



## The 5-Minute SAP Maturity Assessment

In order to gain a thumbnail understanding of where your firm might be positioned, take this five-minute assessment. For each of the key questions below, check the answer that best applies. Then add the scores at the bottom and divide by four.

If your score is  $<3$ , you are at the level of stability, at best. You will need to further assess your situation in order to identify the shortcomings to be addressed.

If your score is closer to 3.5, you are in a position to establish a Center of Excellence.

How formally or informally you assess your SAP maturity is of course entirely up to you but we strongly urge you to address all four of these subject areas.

In that light, here are some observations based upon dozens of more formal assessments over the past five years.

- Very few firms have a handle on business measurement let alone business measurement at the key performance indicator level.
- Business/IT alignment is difficult to attain and even more difficult to maintain (unless you are grounded in business measurement).
- End users always get the short end of the budget stick.
- Collective assessments yield more actionable diagnostics than do “imperial” assessments

## Conclusion

Massive investments in enterprise applications are intended to result in even more massive business benefits. While most firms have shown some success in this area, few are taking full advantage of enterprise application assets. While incremental improvements to any of the four key categories (stabilizing the applications, improving end-user competency, value management, and realigning the business with the IT organization) are welcome, only a concerted effort along all four axes will result in acceptable enterprise application maturity.

Many firms suffer from the Popular Mechanics syndrome by which all efforts are focused upon the SAP applications software and supporting middleware and too little effort upon the active support of business process improvements. The old paradigm of “business requests and IT provides” must be replaced with “business leads and IT supports”. If your firm cannot make this shift, your immaturity will persist.



## The SAP Maturity Assessment

Score	1	2	3	4	5
How closely involved in business process change are your business stakeholders?	Not involved at all	Very little involved	Somewhat involved	Well involved	Fully involved
How well do the SAP applications support our business process?	Poorly supported	Shakily supported	Somewhat supported	Well supported	Full support
How competent are the end users (generally) in deploying SAP?	Very incompetent	Challenged	Fairly competent	Competent	Very competent
To what level do you measure business results, target improvement, and monitor?	Not at All	Very Little	Some	Frequently	Often

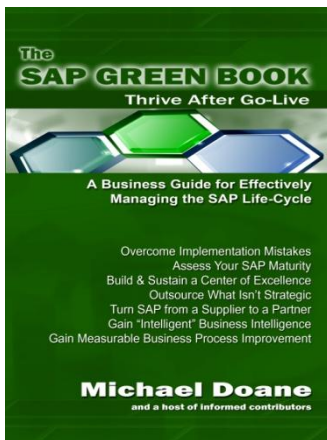
Total of all Scores



Divide the total by 4

This is your SAP Maturity Score

This white paper includes excerpts from *The SAP Green Book, Thrive After Go-Live*.



*" We've had plenty of great advice on how to get the most out of our SAP solution since Go Live, a lot of which unfortunately got lost in the noise and sheer volume of ideas. The SAP Green Book, Thrive After Go-Live clearly distilled the most important principles and brought them to life. It's helped clarify a number of areas and simplified the roadmap for our journey. A must read for all CIO's using SAP. "*

*--Chris Barendregt, Chief Information Officer, Fonterra*

\*\*Not available in bookstores. Order at [www.michaeldoane.com](http://www.michaeldoane.com)

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