Leveraging Enterprise Services Architecture with SAP NetWeaver™

Carl McInroy
“What does matter in this topsy-turvy world where there is no bedrock...? In a word: Innovation”

“Innovation is now recognized as the single most important ingredient in any modern economy ...”
Proactively applying technology to drive **Innovation**, **Competitive Advantage**, and **Growth** are the primary objectives of IT organizations.

Source: CIO Magazine 10/2004
IMPROVING THE ABILITY TO CHANGE IS THE PREREQUISITE FOR FUTURE GROWTH

“What are the biggest stumbling blocks of change?”

- Corporate culture: 56%
- Underlying IT systems: 42%
- Org structure: 42%
- Business process: 33%

Source: GartnerG2/Forbes.com
Enlightened IT Use Survey, August 2003

Change mgmt and process build time (incl. IT)

Project lifecycles

Process execution time
Modest IT budget increases require delivering results without significant up front investment

IT budgets are increasingly tied to business results and budgets

- 64% of enterprises will grow IT and business budgets at the same rate
- 19% of enterprises will grow IT budgets faster than business budgets
- 17% of enterprises will grow business budgets faster than IT budgets

Gartner. Top 10 Trends in IT. Feb., 2005
CIO strategic priorities reflect the importance of contributing to growth and efficiency

To what extent is each of the following CIO actions a priority for you in 2005?

<table>
<thead>
<tr>
<th>CIO Action</th>
<th>Rank 2005</th>
<th>Rank 2004</th>
<th>Rank 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivering projects that enable business growth</td>
<td>1</td>
<td>▲ 18</td>
<td>**</td>
</tr>
<tr>
<td>Linking business and IT strategies and plans</td>
<td>2</td>
<td>▲ 4</td>
<td>6</td>
</tr>
<tr>
<td>Demonstrating the business value of IS/IT</td>
<td>3</td>
<td>▼ 2</td>
<td>2</td>
</tr>
<tr>
<td>Applying metrics to IS organization and services</td>
<td>4</td>
<td>▲ 14</td>
<td>**</td>
</tr>
<tr>
<td>Tightening security and privacy safeguards</td>
<td>5</td>
<td>▲ 6</td>
<td>10</td>
</tr>
<tr>
<td>Improving business continuity readiness</td>
<td>6</td>
<td>▲ 12</td>
<td>**</td>
</tr>
<tr>
<td>Improving the quality of IS service delivery</td>
<td>7</td>
<td>▼ 1</td>
<td>8</td>
</tr>
<tr>
<td>Consolidating the IS organization and operations</td>
<td>8</td>
<td>▼ 3</td>
<td>**</td>
</tr>
<tr>
<td>Developing leadership in the senior IS team</td>
<td>9</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Improving IT governance</td>
<td>10</td>
<td>▲ 11</td>
<td>3</td>
</tr>
</tbody>
</table>

▲ ▼ Selected change in ranking compared with 2004

* New question for 2005
** New question in 2004

Gartner. Top 10 Trends in IT. Feb., 2005
Business processes and business intelligence are shaping the future of IS

Over the next three years, the biggest shift in the role of IS in my enterprise will be toward:

- Enabling better business processes: 42%
- Strategic use of IT and business intelligence: 38%
- Creating new products and services: 13%
- Cutting business costs: 7%

Gartner. Top 10 Trends in IT. Feb., 2005
2003 – Today's Reality

- Sales & Marketing
  - Customer System
    - CRM
    - SCM
- IT
  - Collaboration
    - Extranet
    - Office/Project
  - Mainframe
    - Legacy
- R&D
  - PLM
- HR
  - Intranet
  - Portal
- Finance
  - Portal
  - R/3 (ERP)
  - FI
- Production
- ...
TODAY’S I.T. IS NOT BUILT FOR CHANGE

A VICIOUS CYCLE?

CEO sets strategy
Strategy for GROWTH

Business change

Ability to EXECUTE

Existing IT landscape enables work

Prohibitive cost and time of IT changes
IT not aligned with the business

Quick fixes result in more future risk/cost
Organisations move away from buy model into build model

>80% of IT budget spent on status quo
TCO pressures continue to rise
How are you spending your IT budget?

*$75,600,000*

* $8.5 b revenue, $180m IT budget
Enterprise Services Architecture

Composite Applications

People Integration
- Portal
- Collaboration
- Multi-Channel Access

Information Integration
- Business Intelligence
- Knowledge Mgmt
- Master Data Mgmt

Process Integration
- Integration Broker
- Business Process Mgmt

Technology Platform

Applications

Operating Systems
- Application Servers

Databases
- Database Servers

Communication
- Network

Storage

Infrastructure

Supplier System
- SRM
- SCM
- PLM
- R/3 (ERP)
- CRM
- FI
- Mainframe Legacy
- Office/Project Microsoft
- Customer System

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FLEXIBILITY

SAP NetWeaver™ – Enabler of Change
NetWeaver Overview

- Reduced TCO
- Protects Current Investment
- Cross Application Access
- Consistent Operations
- Single Sign On
- Role Based

Enterprise Portal Collaboration
Multichannel Access

Business Intelligence
Knowledge Management
Master Data Management

Exchange Infrastructure BPM

People
Information
Process

Vendor Apps
Legacy
Move to a Sustainable Cost Structure

REDUCE TCO AND ENABLE INNOVATION

“The business case for SAP NetWeaver: lower total cost of ownership”
“It is possible that as much as 25% of the cost of new infrastructure technologies purchased each year can be eliminated by deploying SAP NetWeaver.”

“A SAP survey of 200 customers found that SAP deployment reduced costs in three areas: integration through the use of NetWeaver components, consolidation of the IT landscape and the implementation of best practices using product functionality.”
THE POWER OF ONE PLATFORM

Solutions powered by SAP NetWeaver
Enterprise Services Architecture: Our Version of SOA

Gartner: SAP has the most-complete business process fusion vision... SAP’s vision is supported by three major cornerstones — Enterprise Services Architecture, SAP NetWeaver, and SAP xApps.

Business people can leverage Enterprise Services to “compose” new business processes

Flexibly create and re-combine services, thus extending the platform

Web services can integrate applications across heterogeneous landscapes, both within and between companies
THE ESA ROADMAP

Business process innovation enabled by a unified platform
SAP ROADMAP TO ESA – WE’VE STARTED!

- **2004**
  - Enterprise services inventory and prioritization
  - **First service-enabled scenarios** with focus on collaboration

- **2005**
  - Enterprise services inventory **for planning**
  - More service-enabled scenarios: focus on user centricity and business process flexibility

- **2006**
  - Enterprise Service Repository for **active use**
  - Major cross-industry scenarios service enabled

- **2007**
  - **All SAP solutions** become ESA-compliant
YOUR ROADMAP TO ESA – START TODAY!

KEY SKILLS: COMPOSE & CONSOLIDATE

- Agree on your long term IT architecture
- Build IT consolidation skills
- **Drive productivity through consolidation**
  - Consolidate integration technologies, app servers and hardware, user interfaces, master data, legacy systems, etc.
- Deploy **xApps** and **SAP NetWeaver** beyond mySAP solutions to kick start ESA transition
- Build process **composition** skills
- **Start extending the Enterprise Services Repository**
  - Process modeling, services modeling, event def. & resolution, role def. & assembly
- **Differentiate by composing custom processes**
Pop Quiz
1. How do you put a giraffe into a refrigerator?
1. How do you put a giraffe into a refrigerator?

The correct answer is:

Open the refrigerator, put in the giraffe, and close the door.

This question tests whether you tend to do simple things in an overly complicated way.
2. How do you put an elephant into a refrigerator?
Question 2

2. How do you put an elephant into a refrigerator?

Did you say, "Open the refrigerator, put in the elephant, and close the refrigerator?" (Wrong Answer)
2. How do you put an elephant into a refrigerator?

Did you say, "Open the refrigerator, put in the elephant, and close the refrigerator?" (Wrong Answer)

Correct Answer: Open the refrigerator, take out the giraffe, put in the elephant and close the door.

This tests your ability to think through the repercussions of your previous actions.
Question 3

3. The King of the Forest is hosting an animal conference. All the animals attend except one. Which animal does not attend?
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Correct Answer: The Elephant. The elephant is in the refrigerator. You just put him in there.

This tests your memory.

OK, even if you did not answer the first three questions correctly, you still have one more chance to show your true abilities.
Question 4

4. There is a river you must cross but it is inhabited by crocodiles. How do you manage it?
4. There is a river you must cross but it is inhabited by crocodiles. How do you manage it?

Correct Answer: You swim across. All the crocodiles are attending the animal meeting.

This tests whether you learn quickly from your mistakes.

About 90% of the professionals tested got all questions wrong. However, many preschoolers got several correct answers. This conclusively disproves the theory that most professionals have the brains of a four year old.
Thank You!!!!!
Afternoon Breakout Sessions Reminder

- Analytic Applications for Business – Conf A
- New Product Development and Introduction – Conf B
- Resource and Portfolio Management – Amphi 233
- Strategic Sourcing – Classroom 327
- Successful Implementations & Upgrades – Conf E
- SAP Safe Passage Program – Amphitheater 235