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Why SAP Strategic Enterprise Management?

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A Fortune magazine article, based on a survey of management consultants, reported that less than 10% of strategies are successfully implemented. While strategy has never been more important, most firms have difficulty transforming the company's vision into clear business strategy.

Modern business strategy demands speedy and accurate implementation from the managerial down to the business level. The implemented ERP systems have allowed companies to optimize their processes and become more customer oriented. While well-developed organisations currently employ systems that store large amounts of information, they often cannot take full advantage of all the gathered data and thus cannot make accurate and data-based decisions.

While crucial, a well prepared strategy is not the only factor necessary for success. Proper implementation of this strategy on all managerial levels of the company is decisive. It is difficult to guarantee that a strategy is accurately and efficiently converted into business objectives for all business units. This process requires an appropriate information management system such as SAP's Strategic Enterprise Management (SEM).

SEM provides an integrated real-time overview of the performance of a company - over and beyond its organisational structures. SAP's Strategic Enterprise Management helps to improve cross- functional planning, reporting, and data analysis leading to an increase in company value.

The managers responsible for strategy implementation need precise data for accurate and timely decision-making. The data they use on a daily basis are traditionally obtained from production, sales, and controlling, but also areas such as human resources and marketing. The quality of available information varies between different departments. Excel-based platforms or systems are not centralized and are often based on very different IT infrastructures, and thus do not guarantee global consistency. With these systems, data are often incorrectly entered and are therefore not suited for analysis. As a result, these systems and data do not provide an accurate basis for fast and accurate decisions.

Today's Business Intelligence (BI) concepts need systems like SAP SEM to go beyond traditional reporting and analyses. With the help of SAP SEM it is possible to click-stream analyze data from all balanced scorecards, Customer Relationship Management, and Supply Chain Management systems. SAP SEM was created in 1990 as a tool to support strategic decisions. Today, SAP SEM is a collection of different modules based on SAP's data-warehouse, the reporting and analysis system BW (Business Information Warehouse). This development was driven by customer demands for a complete and standalone solution to all planning and decision support requirements. Recent modifications enhanced the product, its options and general business administration. SAP SEM is now an integrated software with comprehensive functionality that allows management to significantly accelerate and streamline the entire strategic management process.

SAP SEM can be installed independently of R/3 and does not require direct access to ERP software. However, the information access for SAP SEM is significantly more reliable and simpler if an R/3 system is used. All global and regional business units can make use of SEM. The strategic planning process can either be a centralized process (one SAP SEM system) or a decentralized installation (several SAP SEM systems linked together). SAP proposes three different installation scenarios for SEM.

SAP SEM as a standalone application:

The organisational unit installing SAP SEM does not require an operational data warehouse. The SAP BW

functions necessary for operating SAP SEM are included in SAP SEM. SAP SEM obtains its data from the ERP system and, if necessary, from external sources.

SAP SEM as a data mart linked with a data warehouse:

The enterprise already has a data warehouse and, for technical or organisational reasons, wishes to run SAP SEM separately. As in, the standalone configuration described above, SAP SEM is installed with SAP BW technology as unified software. SAP SEM obtains its data from the data warehouse system and, if necessary, from external sources. The data warehouse system can be SAP BW or based on an additional third party solution.

SAP SEM as a SAP BW application:

The enterprise has SAP BW installed and wants to use SAP SEM within the same infrastructure. SAP SEM is run as an application on top of SAP BW on the same hardware and software basis. SAP SEM obtains its data from the SAP BW and, if necessary, from external sources. The SAP SEM data basis is created in the enterprise's SAP BW.

What exactly is SAP BW?

The SAP Business Information Warehouse (SAP BW) was developed by SAP as a basis for various SAP applications such as Strategic Enterprise Management. When a company wants to implement SAP SEM, it cannot be done without SAP BW. BW contains a multidimensional OLAP database, the core component common to all data warehouses.

Strategic Enterprise Management functions by utilizing data that BW extracts from different source systems. Without BW, an SEM solution would not run, because all data structures in different SEM applications strictly rely on data from BW.

SAP BW is a complete data warehouse solution that also works as an independent, standalone application. A data warehouse provides the central storage for all essential parts of the data that exists in an enterprise. Data from various online transactions and processes are first extracted, organized, and then stored in the data warehouse and can thus be utilized for further user queries.

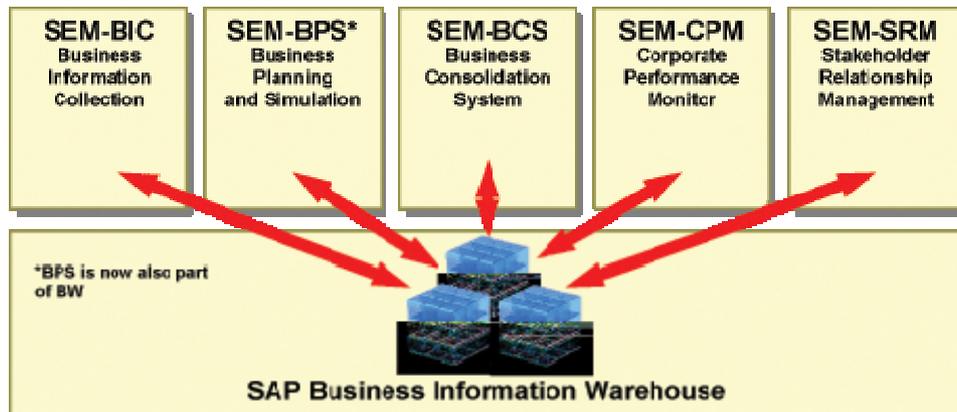
All SEM components are based on BW. These components include:

- **Business Information Collection (SEM-BIC)** - spots external information important to the company like competitor's press releases, annual reports, stock market trends, economic and taxation policy decisions, and other publications. BIC helps evaluate the information and stores it in a structured form in the system. Further analysis qualifies the data to be used for independent enterprise decisions.
- **Business Planning and Simulation (SEM-BPS or BW-BPS)** - create planning applications and perform the planning. These applications can be simple data entry sheets or complex scenarios with data extraction, automatic controlling of the planning process, and plan execution. The architecture of BPS is structured to be able to easily implement simple scenarios but is also capable of building sophisticated business-wide planning processes. With BW release 3.5, SAP also integrated BPS into BW. Now customers who only need a reporting, analysis, and planning tool, do not need to purchase the complete SEM license.
- **Business Consolidation System (SEM-BCS)** - is SAP's system for group consolidation regarding legal or management entities (e.g. subsidiaries or segments). It guides corporate accounting users through the whole process of data collection, data validation, currency translation, reclassification, balance carry forward, inter-unit eliminations, and consolidation of investments. This process leads to a consolidated group closing.
- **Corporate Performance Monitor (SEM-CPM)** - covers both Strategy Management and Performance Measurement. Strategy Management is a set of strategy-related applications, such as balanced scorecard

and strategy modelling based on strategy templates or risk management. Performance Measurement are reporting tools that provide access to applications for measuring and evaluating performance (management cockpit, measure builder, benchmarking).

• **Stakeholder Relationship Management (SEM-SRM)** – provides information for the stakeholders of a company. A stakeholder is a person or organization that has a legitimate interest in a firm. The definition is often broadened to include everyone with an interest (or "stake") in what the firm does. With SRM, a firm can selectively grant stakeholder access to relevant information about the company.

SAP Strategic Enterprise Management



What are the advantages of SAP SEM for management?

SAP SEM:

- Operationalizes enterprise strategy down to the business unit level;
- Aligns company activity with shareholder expectations;
- Integrates the executive office with individual employee duties;
- Joins efforts of all business parties into an effective strategy deployment;
- Aligns employee feedback about strategic targets with further development of company strategy;
- Supports the management by automating performance monitoring and decision making processes;
- Consolidates financial data more quickly and more easily;
- Extracts data from various systems and consolidates it automatically;
- Eliminates inconsistencies and significantly reduces input errors;
- Automatically extracts key figures from the financial statements of legal entities and management units;
- Standardizes information by using a common integrated platform;
- Brings transparency to both internal decision makers and to external stakeholders.

To be the best, every organisation must have a strategy. This must include a plan on not only how to compete in the globalized economy, but also how to connect different managerial projections of the company with different visions at the operational level. SAP SEM can now translate a company's strategy into understandable terms for each employee. SAP SEM helps make an implementation of current strategy across an entire organization a reality.

Features & Functions

SAP ERP redefines enterprise resource planning – delivering role-based access to crucial data, applications, and analytical tools. With SAP ERP, you can efficiently deal with business challenges in the following areas:

- End-user service delivery – Ensure that your employees can readily access the critical data, applications, and analytical tools they need to perform all their job functions efficiently and effectively while also supporting a shared-services organizational model for human resources, finances, and other key processes. SAP ERP offers role-based access and self-services through the manager and employee portals, Duet, and employee interaction center support. Plus, SAP Mobile Time and Travel enables employees in the field to report time and expenses offline.
- SAP ERP Financials – Ensure compliance and predictability of business performance – so your organization can gain a deeper financial insight across the enterprise and tighten control of finances. SAP ERP Financials automates financial and management accounting and financial supply chain management. The solution also provides rigorous support for corporate-governance mandates such as Basel II and Sarbanes-Oxley.
- SAP ERP Human Capital Management – Optimize your HR processes with a complete, integrated, and global human capital management (HCM) solution. SAP ERP provides this HCM solution for organizations of all sizes and in all industries. You can maximize the potential of your workforce, while supporting innovation, growth, and flexibility. The SAP ERP HCM solution automates talent management, core HR processes, and workforce deployment – enabling increased efficiency and better compliance with changing global and local regulations.
- SAP ERP Operations – Manage end-to-end procurement and logistics business processes for complete business cycles – from self-service requisitioning to flexible invoicing and payment – optimizing the flow of materials. SAP ERP Operations also helps discrete and process manufacturers manage the entire life cycle of product development and manufacturing. The solution automates the entire manufacturing process and reduces costs by controlling and adapting the manufacturing process in real time – and increases customer satisfaction by delivering higher-quality products.
- SAP ERP Corporate Services – Helps organizations manage their most cost-intensive corporate functions by supporting and streamlining administrative processes in the areas of real estate; enterprise assets; project portfolios; corporate travel; environment, health, and safety compliance; quality; and global trade services. SAP ERP Corporate Services is a complete and integrated solution that maximizes transparency and control, while reducing financial and environmental risks and enhancing safety of employees.
- **Performance management** – Support the entire life cycle of performance management, delivering real-time, personalized measurements and metrics to improve business insight and decision making. SAP ERP supports financial analytics, operations analytics, and workforce analytics, as well as consolidated financial and statutory reporting; planning, budgeting, and forecasting, strategy management and scorecards, and risk management.

Business Benefits

SAP ERP delivers a comprehensive set of integrated, cross-functional business processes. With SAP ERP, you can gain the following benefits:

- **Improve alignment of strategies and operations**
 - Run your enterprise in accordance with strategy and plans, accessing the right information in real time to identify concerns early.
 - Pursue opportunities proactively.
 - Achieve corporate objectives by aligning workforce and organizational objectives.
 - Find the best people and leverage their talent in the right job at the right time.
- **Improve productivity and insight**
 - Leverage self-services and analytics across your organization.
 - Improve operational efficiency and productivity within and beyond your enterprise.
- **Reduce costs through increased flexibility**
 - Use enterprise services architecture to improve process standardization, efficiency, and adaptability.
 - Extend transactions, information, and collaboration functions to a broad business community.
- **Support changing industry requirements**

- Take advantage of the SAP NetWeaver platform's latest open, Web-based technology to integrate your end-to-end processes seamlessly.
- **Reduce risk**
 - Solve complex business challenges today with SAP, your trusted partner for long-term growth, with 30 years of experience working with organizations of all sizes in more countries than any other vendor.
 - Join SAP's world-class partner network, uniquely qualified to support the best business practices in more than 25 industries.
- **Improve financial management and corporate governance**
 - Gain deep visibility into your organization with financial and management accounting functionality combined with business analytics.
 - Increase profitability, improve financial control, and manage risk.
- **Optimize IT spending**
 - Integrate and optimize business processes.
 - Eliminate high integration costs and the need to purchase third-party software.
 - Deploy other SAP Business Suite applications incrementally to improve cash flow and reduce costly borrowing.
- **Gain higher ROI faster**
 - Install SAP ERP using rapid-implementation techniques that cost less than half what traditional approaches cost.
 - Leverage preset defaults and prepackaged versions available for specific industries.
- **Retain top performers**
 - Retain your top performers through clearly defined career and development plans.
 - Link employees' performance to compensation programs such as variable pay plans and long-term incentives.
- **Provide immediate access to enterprise information**
 - Give employees new ways to access the enterprise information required for their daily activities.