SAP Product Life Cycle Management
Making your Business Case for Change

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Steve Hankins, EVP & CFO, Morgan Foods Inc.
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About the Speakers

**Steve Hankins**
- EVP & CFO, Morgan Foods
- Experienced Leader responsible for driving impactful changes in IT systems and business processes
- Was told in 1988 just how stupid he was to believe the world would run on a network of computers one day

**Kimberley Reid**
- Vice President, Hitachi Consulting
- Experienced in SAP system implementations with a primary focus on pre-sales scoping and planning, business case development, software selection, project management and execution, detailed business process design, SAP system configuration and testing, SAP user training, and post Go-Live support plan development
- Hobbies include long distance running and voice acting for animation, video games, and commercials
Key Outcomes/Objectives

1. Understand the internal team “groundwork” that precedes deep dive Discovery sessions
2. Learn about strategies to reach consensus and foster support for new tools and capabilities
3. Gain insights into lessons learned when reviewing total cost of ownership factors
Agenda

• The Process
• Assess
  – Preliminary “Groundwork”
  – Gaining Key Stakeholder Buy-in
  – Defining the top business requirements and priorities
• Strategize
  – Reviewing feasible solution alternatives
  – Evaluating options
• Plan
  – Preparing implementation plans
  – Determining the total cost of ownership for the solution
The Process

Assess
- Executive Vision / Direction Understood
- Current State Evaluated
- Opportunities Identified

Strategy Development
- Solution Options Identified & Defined
- Budgetary Cost Estimates Developed

Plan Development
- Case for Change Established
- Technology Roadmap & Plan Defined
The Preliminary “Groundwork”

• Foundational understanding
  – Reaching a common understanding of what Product Life Cycle Management (PLM) means
• Today’s business processes and tools
• Existing pain points, challenges, and vision for an integrated data model
How did we get to where we were?

- Organic growth as needs arise
  - Band aid system when problems occur
  - Filled in gaps without larger plan
- Provided skill set
- Time is more flexible in this area (not as tied to plant day to day activities)
- Limited funding and support for software

- Rapid company growth
  - New products, ingredients, suppliers
  - Increased number of customers
- Market changes
  - More questions, claims & certifications
  - Tighter timelines
- Limited emphasis on growth of technical skills (SAP, Infinity, Rockwell, etc...knowledge)
What were we looking for?

• Integration with other platforms within our software ecosystem
• Document Control
• Security
• Change management
• Electronics Records Capability
• Status Control: where a project is in the timeline
• User friendly – easily adapt to business changes
• Transition from current platforms (transfer data from current databases)
• Able to access supplier documentation
• Mass change capability

• Reporting capability – automated, dashboards
• Ability to create documentation
• Deviation alerts capability
• No reduction in functionality from Excel framework
• Provide regulatory guidance
• Project tracking, issues list development/resolution
• Shared data model (Input data one time to support multiple uses)
• Vendor support / training
• Recipe Management
• Option to download to an Excel spreadsheet
Gaining Key Stakeholder Buy-in

- Documenting the current processes
- Taking full inventory of the extensive Excel spreadsheet library
- Pushing for full transparency into how work gets done
- “Coaching” Conversations
- Facilitated Education Sessions
Defining the Top Requirements and Priorities

- Understanding key dependencies with other tools and processes
- Clarifying what could be handled within the core SAP processes vs. a PLM tool
- Prioritizing for capabilities and deployment sequencing
  - Must Have, Should Have, Could Have, Won’t Have
**Desired Benefits**

- Decreased Timelines for PLM processes and task execution
- More “Buttoned Up” Documentation/ Packet of Information
  - Standard Templates
- Accessibility to information
- Information Security
- Project Tracking Capabilities
  - Visibility
  - Stage Gates
  - Ease of Use
  - Collaborative Project Management
- Mass ingredient search capabilities

- Ability to quickly answer customer/consumer questions
- Ease of future updates
- Ability to support multiple/simultaneous users
- Technical Support
- Employee Efficiency Gains
  - Scientist will do science not Excel programing
- Regulatory Compliance
- Align with current Industry Best Practices
Reviewing Feasible Solution Alternatives

- Workshops
- Solution Demos
- Understanding Solution Gaps
- Feedback and Follow-up Discussions
Evaluating Options

Defining the key considerations that will impact the selection decision

Key Factors

- Integrated Workflow
- Real-time Integration
- Single Version of the Truth
- Sustainability
# Why SAP?

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<tr>
<th>Criteria</th>
<th>SAP</th>
<th>Competitor Product</th>
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<tbody>
<tr>
<td>Integrated Workflow</td>
<td>• Able to workflow from R&amp;D through to master data creation in SAP</td>
<td>• Competitor Product A will have one workflow that ends, new workflow will need to continue in SAP for master data</td>
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<td>• Able to track status across entire process (not just PLM)</td>
<td>• Status tracking and KPI reporting will be more difficult and require consolidation across two systems</td>
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<td></td>
<td>• Able to report KPI’s on process and evaluate bottlenecks</td>
<td>• Workflow notifications/tasks will come from two systems</td>
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<td>Single Version of Truth</td>
<td>• Data stored in one system</td>
<td>• Data is duplicated in two systems</td>
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<td></td>
<td>• No duplication of data in separate systems</td>
<td>• Need to establish cross references between Competitor Product A and SAP numbers (for example, material masters)</td>
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<td>• Built in checks to ensure correct codes and numbers are used in PLM for example, material, vendor or plant)</td>
<td>• No ability to check if cross reference codes are entered correctly</td>
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<td>• Easier and more accurate data extraction for integration with external entities like Smart Label</td>
<td>• Operations users need to access Competitor Product A or a shared location for Specification reports and manufacturing instructions</td>
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<td>• Operations users can access Specification reports and manufacturing instructions from same system</td>
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### Why SAP?

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| Real Time Integration| • Native integration (out-of-the-box)  
• Real-time raw material costs are available immediately (by plant) for R&D formulations  
• Formulas and BOM’s are synchronized – subsequent differences are flagged  
• Ability to scale up BOM from Formula  
• Specification and SAP QM Quality Inspection Plans (QIP) are synchronized – subsequent differences are flagged | • Custom interface needs to be developed and maintained if business requirements change  
• Formula to BOM interface is one way communication – any changes/differences after are not visible  
• No ability to generate SAP QM QIP without custom programming |
| Sustainability       | • No interfaces to maintain or update if new functionality is required  
• Leverages existing SAP IT expertise for support  
• Future changes to SAP – like S/4HANA – fully integrate with PLM so ERP upgrades are simpler  
• Future functionality with SAP Project and Portfolio Management (PPM) integrates with SAP PLM already | • Custom interface needs to be maintained and updated as required  
• Future changes in SAP may not align with Competitor Product A, requiring additional rework (plus testing) |
Preparing Implementation Plans

- Scope confirmation
- Approach and Deployment sequencing
- Staffing Considerations
- Timeline
Determining the Total Cost of Ownership

- One Time Investments
- Ongoing Costs
- Software License Costs
- Infrastructure Costs
- Implementation Services
  - Solution Configuration
  - Data Conversion
  - Technical Development
  - Testing
- Application Technical Support (Post Go-Live)
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<tr>
<th>Key Lessons Learned</th>
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<td><strong>Factor in all costs</strong></td>
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<td>• Beware of “other” costs (i.e. Enhancement pack updates, regression testing, and system integration costs to support the desired PLM solution)</td>
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<td><strong>Limit initial Scope</strong></td>
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<tr>
<td>• Limit scope during a Phase 1 implementation to build a solid foundation and to establish new process discipline</td>
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<td><strong>Define a Support Plan</strong></td>
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<tr>
<td>• Include internal resource costs to support PLM processes and the solution long term</td>
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<td><strong>Get your best Software deal</strong></td>
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<tr>
<td>• Push for competitive software licensing to maximize your purchase price</td>
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<tr>
<td><strong>Use Accelerators</strong></td>
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<td>• Use data migration accelerator tools to reduce project risk and factor these costs into the total cost of ownership</td>
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Key Takeaways

• Quantifying the business benefits can be challenging when it comes to employee productivity improvements
• Shifting from Excel to an integrated database requires Executive Leadership to drive change
• Taking ownership for the solution is key to gaining internal competency to support it longer term
• Ensuring that superusers are heavily involved in testing cycles builds confidence in the new processes and capabilities
• Detailed planning for data migration is a key to success
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Presentation Materials

Access the slides from 2019 ASUG Annual Conference here:

http://info.asug.com/2019-ac-slides
Q&A

For questions after this session, contact us at Steve.Hankins@Morganfoods.com and KReid@hitachiconsulting.com
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