

Driving Continuous Performance Improvements with SAP Performance Benchmarking



Agenda

1 Why benchmarking
Continuous business performance improvement

2 What is SAP Performance Benchmarking?
A best in class, complimentary global offering, delivered on [SAP Value Lifecycle Manager](#)

3 How to start
A simple four step process

4 Key success factors
Criteria for a successful benchmarking

Continuous performance improvement is imperative for a successful business transformation journey



MEASURE

Target where the process gaps are from KPI and best practice benchmark to identify root cause and build the case for change



MONITOR

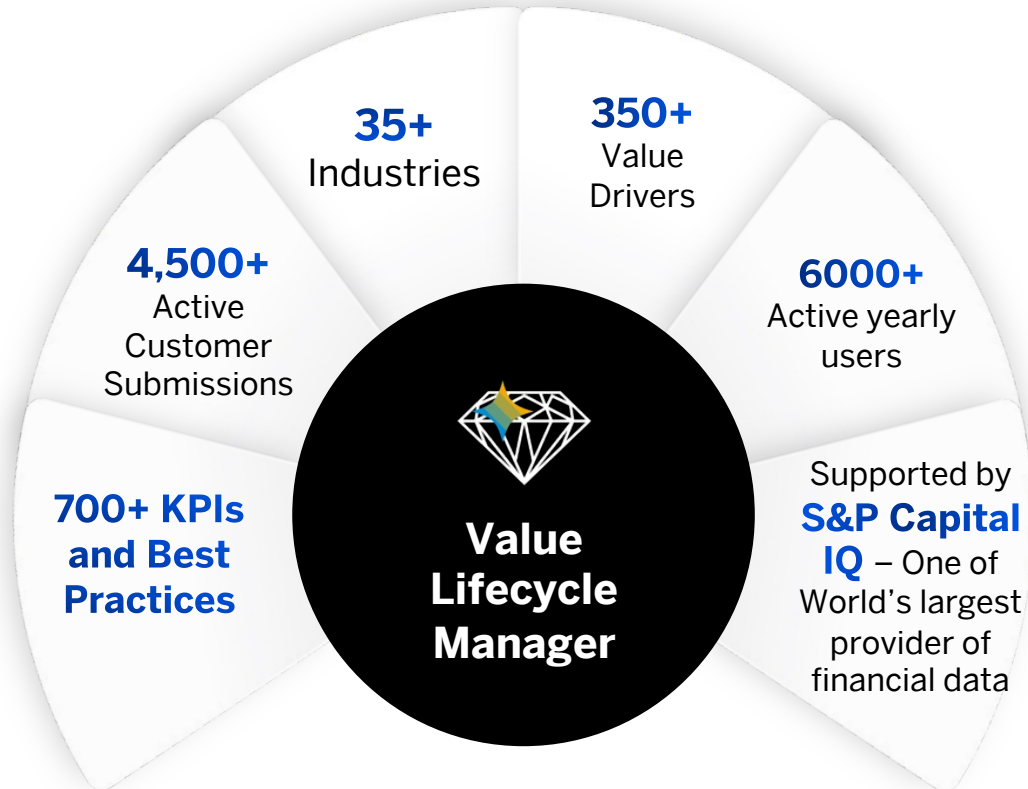
Monitor business outcomes from adopting next practices and solutions enabled by technology during transformation



OPTIMIZE

Identify opportunities for optimization leveraging innovations by comparing current to past performance on an on-going basis

VLM (Value Lifecycle Manager) is a SAP Proprietary tool for benchmarking and business case analysis



S&P Capital IQ
 Benchmarking Data
 Crystal Ball – 3rd party

Professional Value Analysis

- SAP developed VLM in collaboration in ASUG in 2004. Over the last 18+ years, VLM has been continuously supporting organizations in measuring and monitoring their business maturity and identifying potential value opportunities

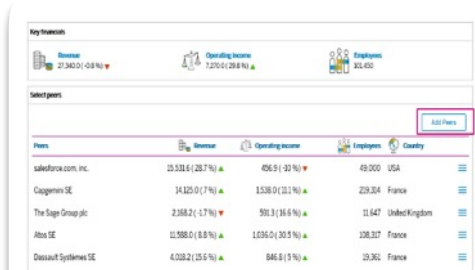
The Most Comprehensive Value Dataset

- Value analysis is supported by 4,500+ benchmarking survey submissions from 3000+ organizations
- Coverage of all major industries and lines of business
- 250+ value realization stories from customers all across the world
- An extensive data set of industry specific KPIs, best practices, strategic priorities, trends, and pain points

A single platform to discover and realize the value of Intelligent Enterprise, powered by best-in-class value content & insights

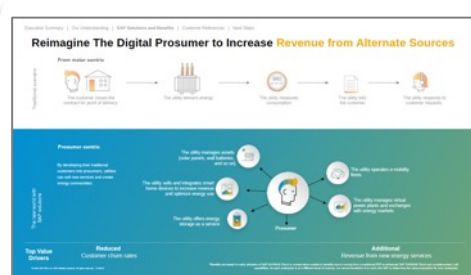
Tool Link:  (SSO Login for Partners)

Move the Needle



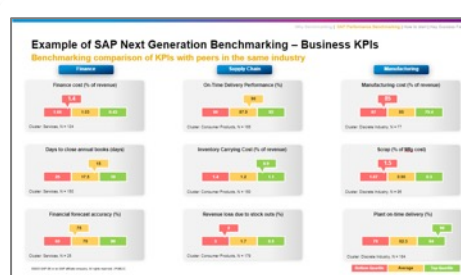
- Move The Needle Analysis is a comparison of the target company with its peers/competitors
- ~150,000 Companies Coverage
- ~120 Public KPIs mapped by industry
- Quarterly VLM database updates

Door Opener Point of View



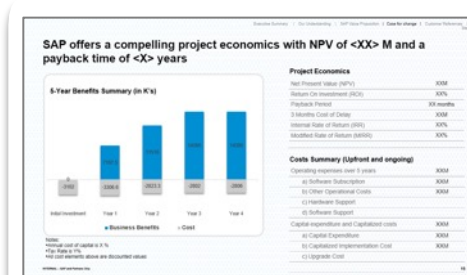
- **Automated creation of door opener Point of Views** considering industry trends, customer strategic priorities, pain points, re-imagine scenarios, SAP innovation capabilities, and value drivers / potential
- Coverage of
 - 210+ industry trends
 - 230+ strategic priorities
 - 1,500+ pain points
 - 80+ re-imagine scenarios
 - 240+ value stories

Performance Benchmarking



- **Self-service benchmarking** to identify process maturity and technology capability gaps against industry best practices and peers
- Stimulate improvement of business performance on an ongoing basis
- SAP has the largest benchmarking database in the world with
 - 12 LoBs and 25 industries
 - 2,500 KPIs
 - 15,000+ active customer submissions from 11,000 companies

Guided Business Case



- **Qualitative and quantitative assessment** of the value potential of adopting new digital transformation capabilities
- Coverage of
 - 35 (sub-) industries
 - 330+ value drivers
 - 400+ SAP products
 - 50+ SAP Signavio PPIs tied to 35+ KPIs
 - 750+ customer value proof points across 400+ value stories

Move the Needle



Automatic recommendation of Peers and KPIs with the ability to edit this information (both peers and metrics)



120+ publicly available KPI available for analysis powered by Capital IQ



Indication of **company's performance** against peers through **color coding**



Prescriptive output that clearly distributes **KPIs into 3** performance buckets **Strengths, Opportunities and Concerns** and provides proposals and Next Steps

The interface displays a 'Create a New MFM' form with fields for Target Company Name, Stock Market, MFM Name, Industry, Region, Size, Country, and Sector. Below the form, a 'Company Profile and Peers' section shows key financials: Revenue (27,340.0), Operating Income (7,270.0), and Employees (151,400). A table lists peers with their revenue, operating income, and employee counts.

Peers	Revenue	Operating Income	Employees	Country
salesforce.com, inc.	15,531.6 (28.7%)	456.9 (3.0%)	49,000	USA
Cargill SE	14,125.0 (7%)	1,538.0 (11.1%)	219,314	France
The Sage Group plc	2,368.2 (-1.7%)	591.3 (16.6%)	11,647	United Kingdom
Atos SE	11,588.0 (8.8%)	1,036.0 (30.5%)	108,317	France
Dassault Systèmes SE	4,018.2 (15.6%)	846.8 (5%)	19,361	France

Select KPIs	Lagging Peer	Company Performance	Leading Peer	Benefit Level	Monetary Benefit
Revenue growth (in %)	Carrier Global Corporation	-0.9	Trane Technologies plc	1PP	23.8 in OI
Operating margin (in %)	Johnson Controls International plc	9.3	Parker-Hannifin Corporation	1PP	159.9 in OI
Revenue per employee (in '000s)	Johnson Controls International plc	248.03	Trane Technologies plc	1*10K	57.95 in OI
Return on assets (in %)	Johnson Controls International plc	3.5	Lennox International Inc.		
Asset utilization (in %)	Johnson Controls International plc	586.6	Trane Technologies plc	1%	23.8 in OI
Cost of goods/services sold (% revenue)	Carrier Global Corporation	73.2	Dover Corporation	1%	110.3 in OI
R&D expense (% of rev)	Carrier Global Corporation	2.6	Johnson Controls International plc	1%	

Benchmarking can help you to measure your business performance



Easily **identify and prioritize** improvement opportunities across various business areas



Effectively **establish baseline** KPIs for performance improvement



Appropriately **define target** for improvement by comparing with peers in the same industry



Powerfully **stimulate improvement** of business performance on an ongoing basis



SAP Performance Benchmarking as part of SAP Value Lifecycle Manager is a best in class, **complimentary** offering that supports your continuous performance improvement



Identify **critical process maturity gaps** and envision an **Intelligent Enterprise**



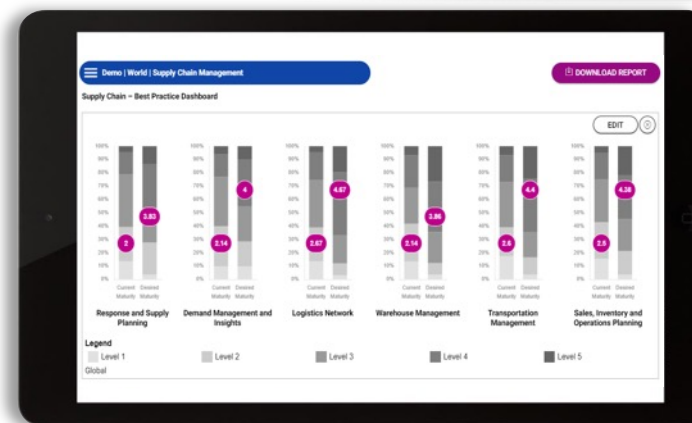
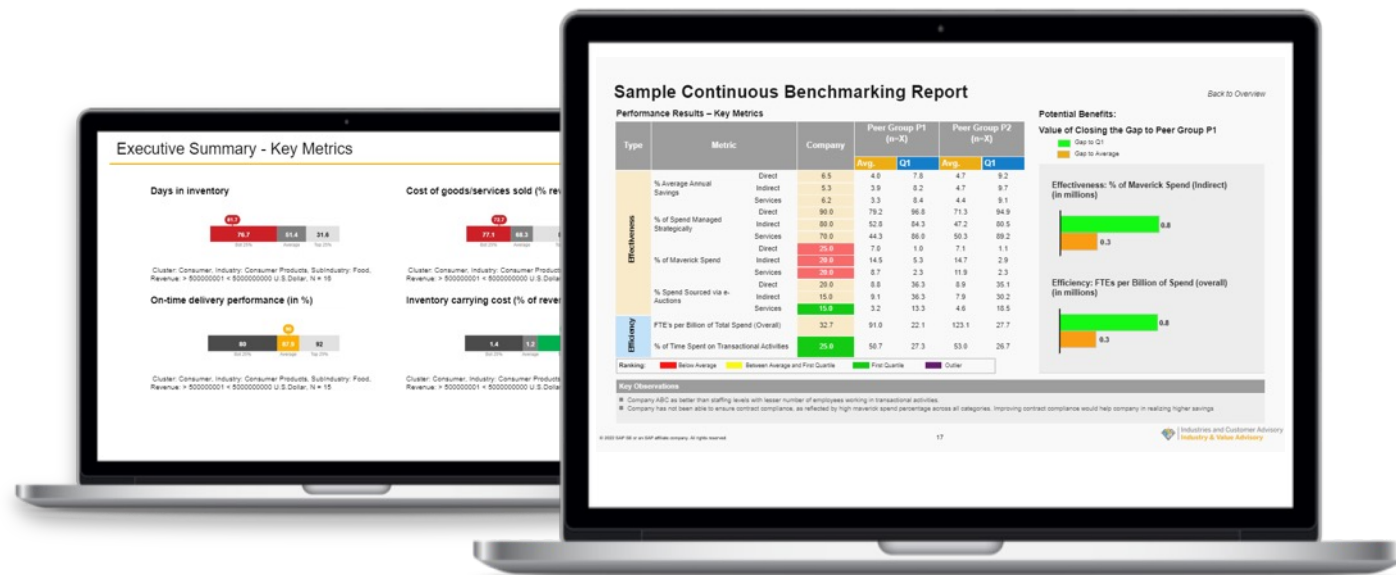
Top KPIs and **Next Practices** aligned to the end to end value chain enabled by the power of digital technologies



Designed to ensure **customer data protection and privacy** as per GDPR, more details [here](#)



Interactive **Online Scorecard** in real-time showcasing their **digital process maturity, KPI analysis, prioritization of best practices** and comparison to their peers



Complimentary service for both partners and customers!

45+ Surveys - 700+ KPI's – to benchmark

SAP Performance Benchmarking will cover most of your functional areas , offering comprehensive content to measure value

Marketing



- Core Marketing Operations
- Customer Data Mgt.
- Customer Experience
- Marketing Automation
- Marketing Insights

Commerce



- Customer Experience
- Product Catalog Mgt.
- Pricing and Promotions
- Distributed Order Mgt.

Sales



- Collaborative Quote to Cash
- Sales Performance Mgt.
- Sales Force Automation

Service



- Omni-channel Customer Service
- Field Service Execution
- Service Planning and Administration

R&D



- Ideate
- Prioritize
- Design
- Validate
- Scale-up Production
- Manage Lifecycle

Supply Chain



- Demand Mgmt and Insights
- Response and Supply Planning
- Sales, Inventory and Operations Planning
- Warehouse Management
- Transportation Management
- Logistics Network

Asset Mgmt



- Capital Portfolio and Project Mgt.
- Asset Operations and Maintenance
- Environment, Health & Safety (EHS)

Procurement



- Supplier Management
- Collaborative Sourcing & Contract Management
- Spend Analysis
- Operational Procurement
- Invoice and Payables Mgt.
- Supply Chain collaboration

Manufacturing



- Production Planning and Detailed Scheduling
- Manufacturing Engineering
- Manufacturing Execution
- Manufacturing Network
- Manufacturing Analytics
- Quality Management
- Environment Health and Safety

Finance



- Financial Planning and Analysis
- Accounting & Financial Close
- Treasury Mgt.
- Receivables Mgt.
- Payables Mgt.
- Finance Shared Services
- Real Estate Mgt.
- Enterprise Risk & Compliance
- Employee Initiated Spend (T&E)
- Working Capital Mgt.

HR



- HR Strategy & Planning
- Talent Acquisition
- Talent Mgt.
- Core Human Resources & Payroll
- Time and Attendance Mgt.

IT



- Analytics
- DDM
- Best Run IT
- Cloud ERP
- Total Cost of Ownership

Cross Process



- S/4HANA Assessment (New)
- Enterprise Health Check - Manufacturing
- Quote to Cash
- Intelligent Enterprise

Industry

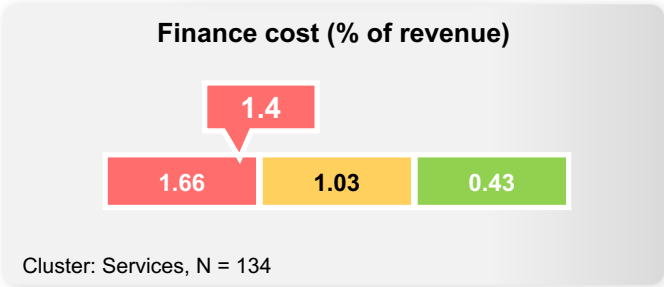


- Professional Services
- Consumer Products
- Retail
- Defense & Security
- Industry Machinery & Components

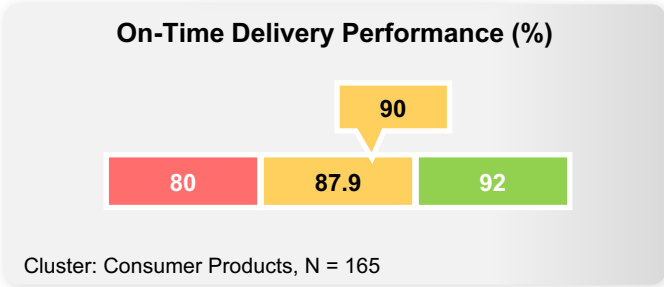
Example of SAP Next Generation Benchmarking – Business KPIs

Benchmarking comparison of KPIs with peers in the same industry

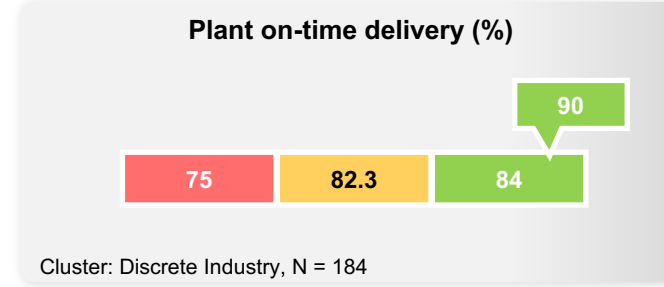
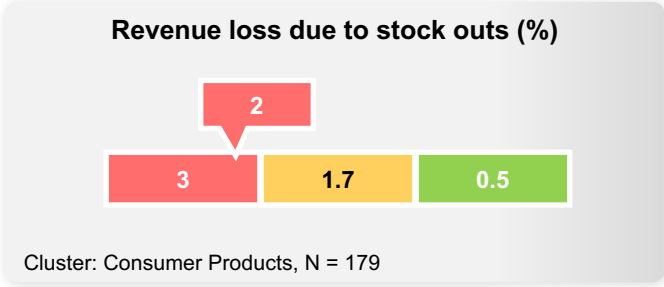
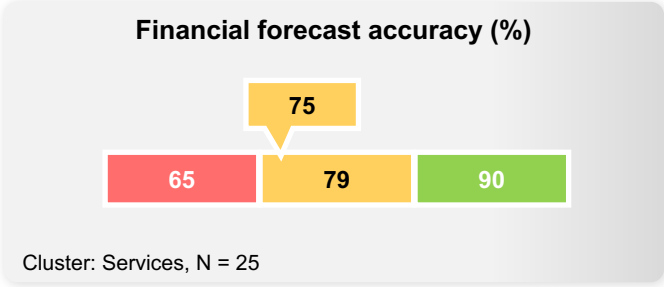
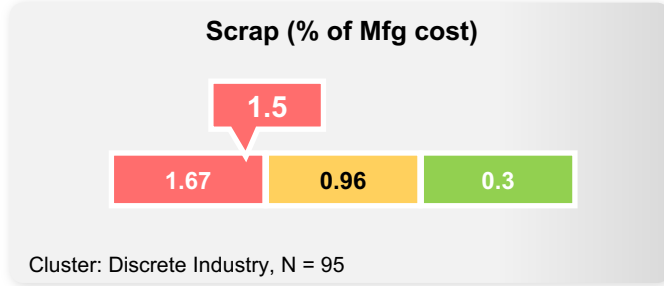
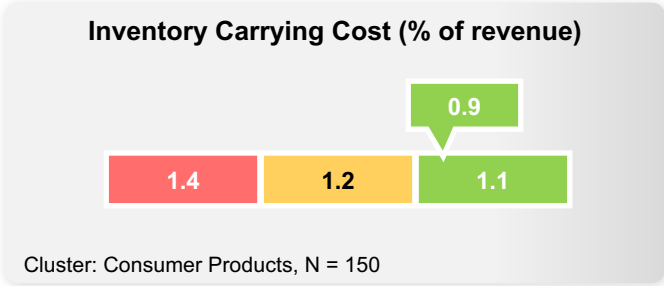
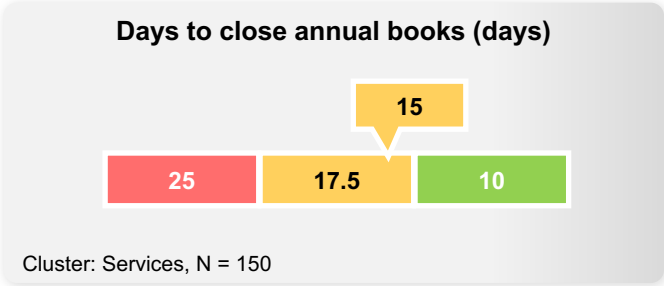
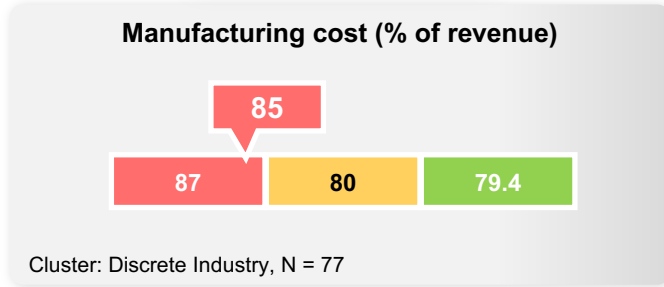
Finance



Supply Chain



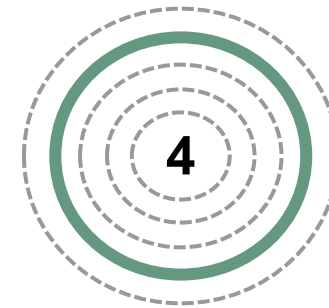
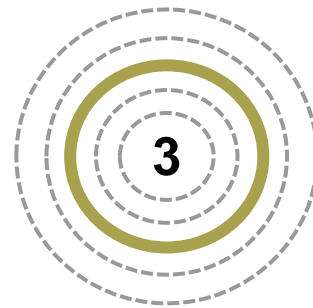
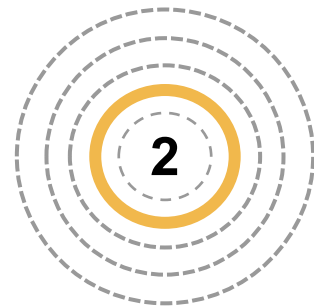
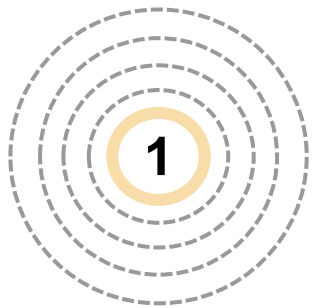
Manufacturing



We also offer comparisons of your Digital Maturity against Next-generation best practices

Maturity level assessment of next practices

| **Next practice:** Budgeting and forecasting is a continuous process of planning, measuring and simulation of key business drivers



Spreadsheet based financial planning that is decoupled from commercial and supply chain planning and follows a static calendar (annual/ quarter)

Financial planning is linked to operational planning through manual handover between different functions but follows a static calendar

Rolling forecasting in conjunction with tactical and strategic plan with process governance and approval flows along with partial integration with operational planning

Cross-functional rolling forecasting in conjunction with tactical and strategic plan and use of operational drivers as a basis for planning

Cross-functional, driver based rolling forecasting, leveraging predictive capabilities to for impact simulation and analysis even across company borders / business networks

Current maturity level



Company Internal Gap



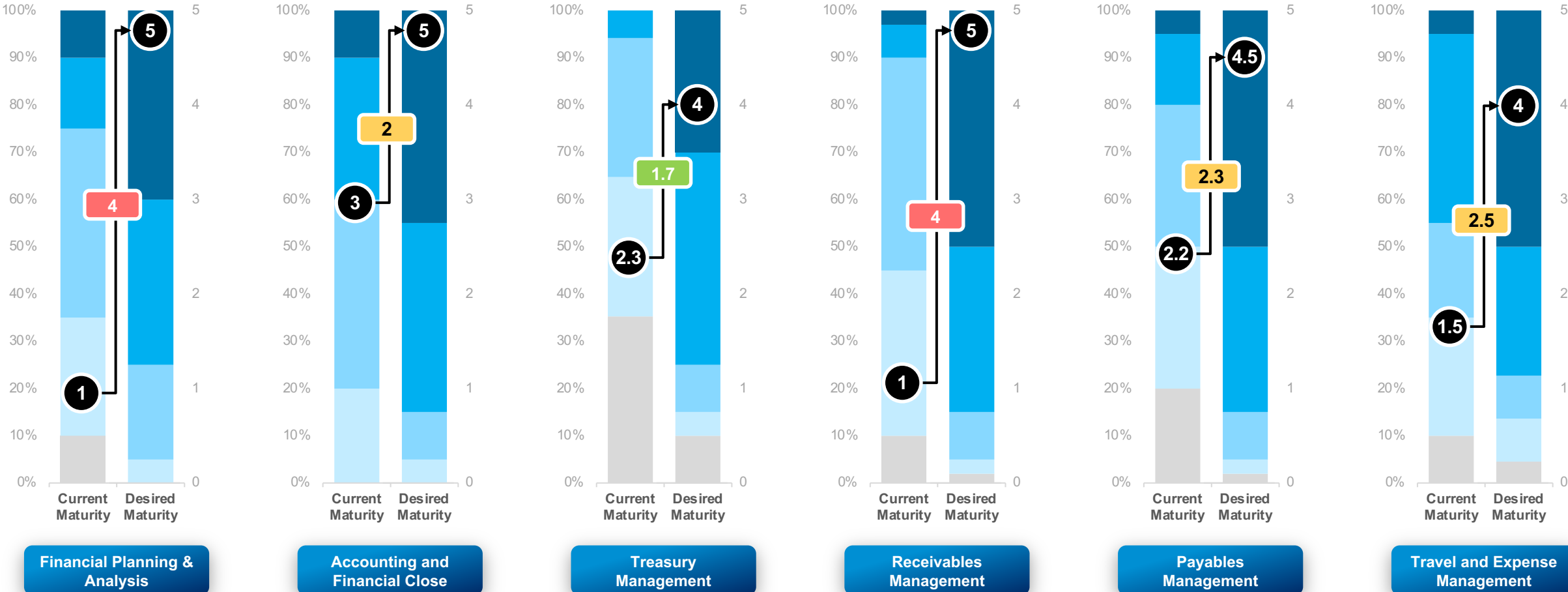
Discussion with the business process owners to better understand how the gap can be closed using technology enablers, process changes, etc.

Desired maturity level



Example of SAP Performance Benchmarking – Digital Maturity

Overall next practice adoption gaps and comparison with peers



Peers Maturity Level
 Level 1 (Grey) | Level 2 (Light Blue) | Level 3 (Medium Blue) | Level 4 (Dark Blue) | Level 5 (Darkest Blue)

Customer Maturity Level
 (Black Circle)

Customer Internal Gap
 Big (Red) | Med (Yellow) | Small (Green)

Variant #1 – Specific Process in a Single View

Example

Top performers from the SAP Ariba benchmarking program

19.1%

Average sourcing savings

94%

Spend under management

18.2K

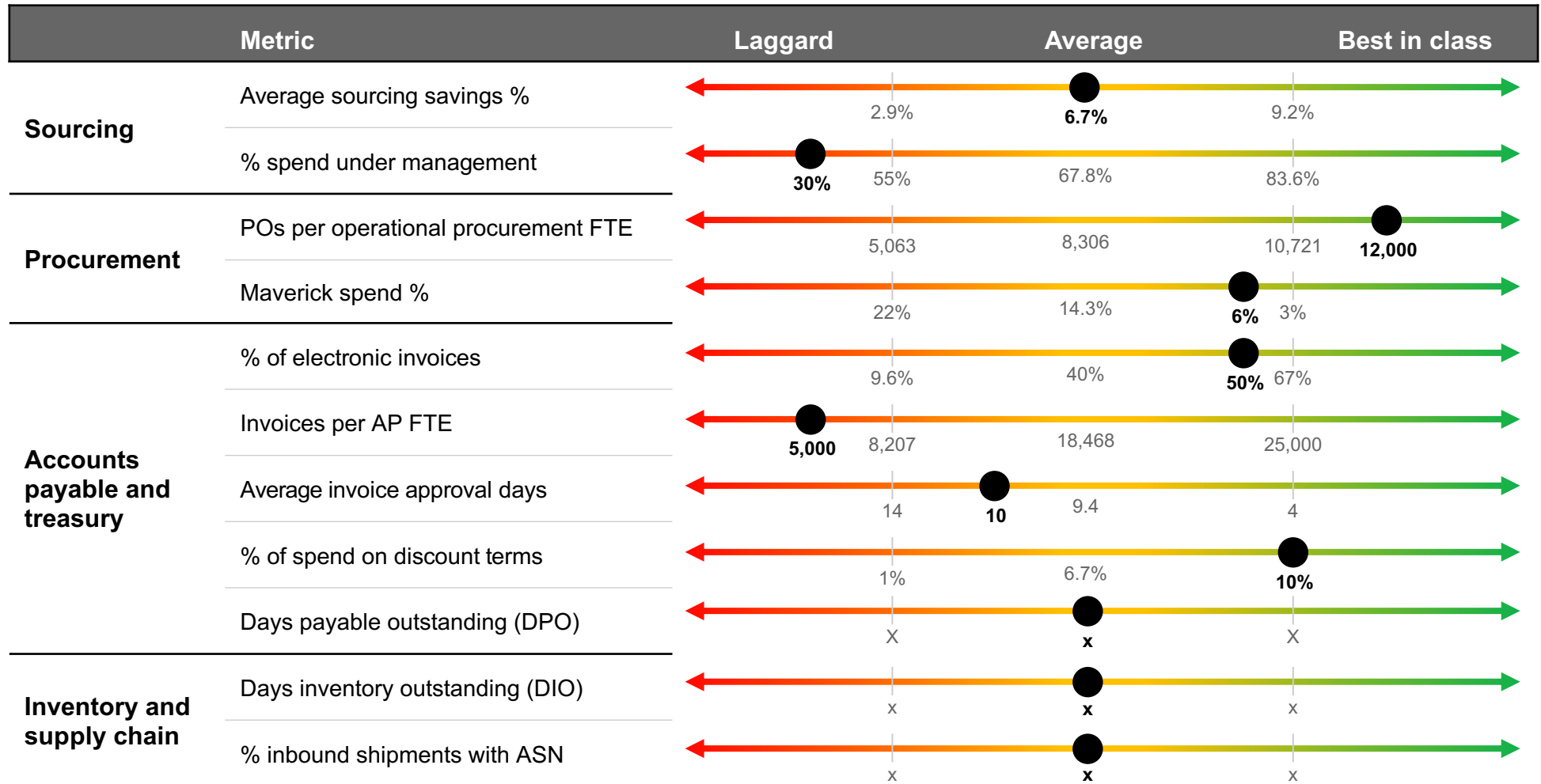
POs per operational procurement FTE

1 day

Average invoice approval cycle time

60K

Invoices per AP FTE



Variant #2 – Compare Against Multiple Industry Peer Groups

Example

Benchmark	In terms of	ABC	Wholesale Distribution		Consumer Goods		Automotive	
			Average	Top 25%	Average	Top 25%	Average	Top 25%
Days to close annual books	In Days	28	20.7	5.0	11.8	6.0	13.0	8.0
IT Spend	As %age of SG&A	2.5%	2.5%	1.4%	2.5%	1.5%	2.3%	0.9%
I.T. Internal FTE's	Per Billion in Revenue	15.0	46.2	30	54.3	35.0	53.8	22.0
Finance FTE's	Per Billion in Revenue	40.0	76.1	40	103.4	45.6	68.7	35.2
Days Sales Outstanding	In Days	90.0	42.8	35.0	42.3	30.0	45.7	20

Variant #3 – Benchmarking & Process Maturity in Single View

Example

Finance Metrics	Company ABC	Peer Group	
		Average	Top 25%
Finance FTEs per billion revenue (overall)	12.87	11.87	4.49
Cash Forecast Accuracy (in %)	85	64.9	92
Finance Cost (% of revenue)	1.27	1.62	0.67
Days Sales Outstanding	91	46.3	31

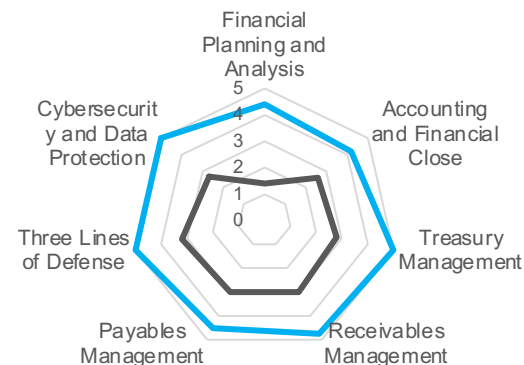
Supply Chain Metrics	Company ABC	Peer Group	
		Average	Top 25%
Days in Inventory	124.7	58.2	40.8
On-time Delivery Performance (in %)	70	83.3	90
Inventory Carrying Cost (% of revenue)	0.95	0.89	0.36
Supply Chain Planning Cost (% of revenue)	0.14	0.87	0.49

Procurement Metrics	Company ABC	Peer Group	
		Average	Top 25%
Maverick spend (% spend under management)	2	11.9	2
Time spent on data collection vs data analysis (%)	20	43.7	14
Invoices received electronically (%)	76	31.1	54.2
Strategic sourcing savings rate	0	5.5	7.5

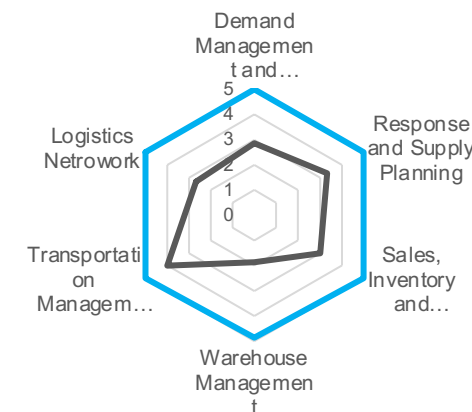


*Peer Group: Discrete, N = 24, Peer Group: Discrete, Industry: High Tech, N = 10, Peer Group for Best Practices - Global

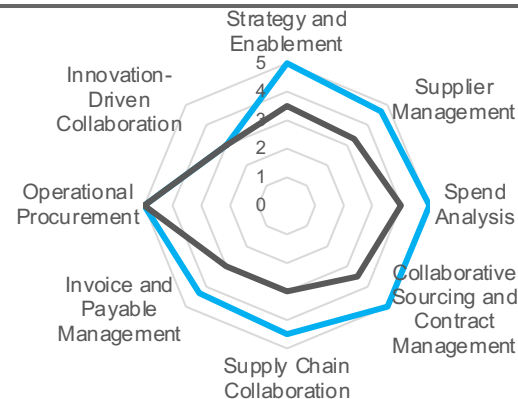
Finance



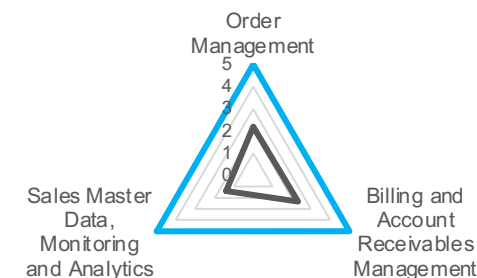
Supply Chain



Procurement



Order Management



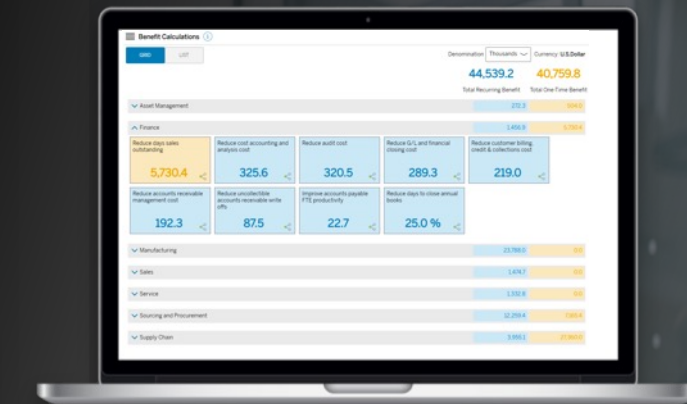
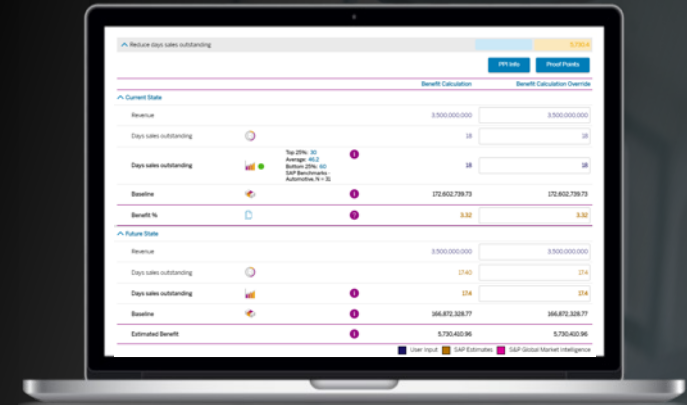
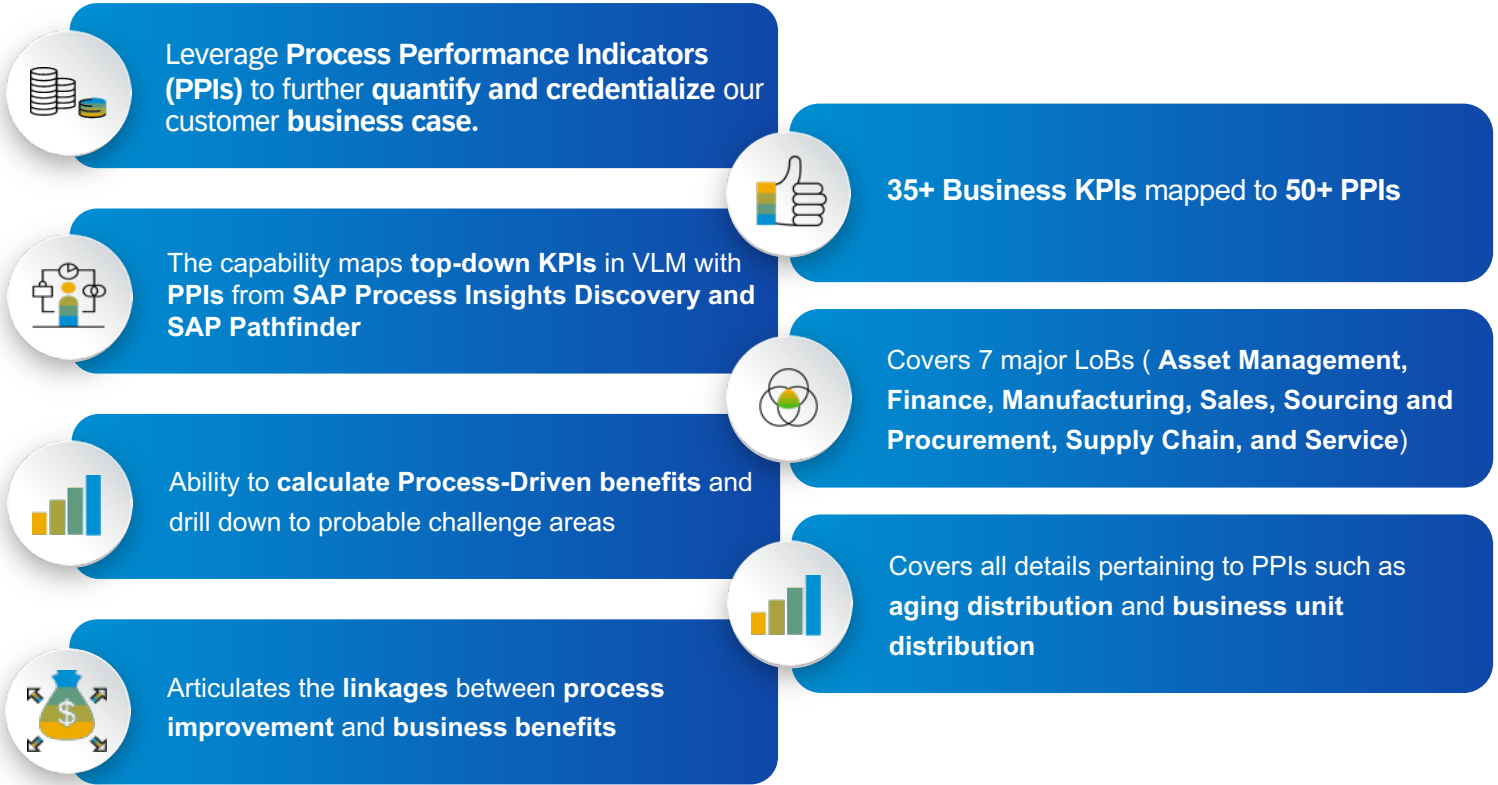
— Current Maturity — Desired Maturity

Value Lifecycle Manager Demo

valuemanagement.sap.com



Integration of SAP Signavio Process Insights, Discovery Edition with SAP Value Lifecycle Manager



SI No.	Value Driver	PPI Name	Category Performance	Bottom 25%	Median	Top 25%	Benefit Number
1	Reduce asset maintenance cost by reducing number of work orders open & close	Total number of work orders open & close	302	4024	8041	805	2,340.7
2	Reduce asset maintenance cost by increasing work order automation	Work orders automatically created	0%	0%	27%	56%	0.0
3	Reduce asset maintenance cost by reducing work order notification	Lead time, notification created to completion	6 days	8	5	5	0.0
4	Reduce asset maintenance cost by reducing work order in phase created	Work orders in phase created	1,806	1,962	1,942	1,942	0.0
5	Reduce asset maintenance cost by reducing work order in phase released	Work orders in phase released	784	4055	9067	2077	0.0

Guided Business Case



Helps organizations understand the potential **monetary and non-monetary benefits** from business transformation



Covers **11 Business Process Areas** and **35 Industries (and sub-industries)** and top SAP products



350+ Value Drivers to choose from and assess benefits on



Option to build business case by **Process (with Guided Product recommendations)** or by SAP Products



Analyze **business performance** in conjunction with **Process Performance Indicators (PPI)** from **SAP Signavio Process Discovery** and **SAP Pathfinder**



Articulates the **linkages** between **process improvement** and **business benefits**

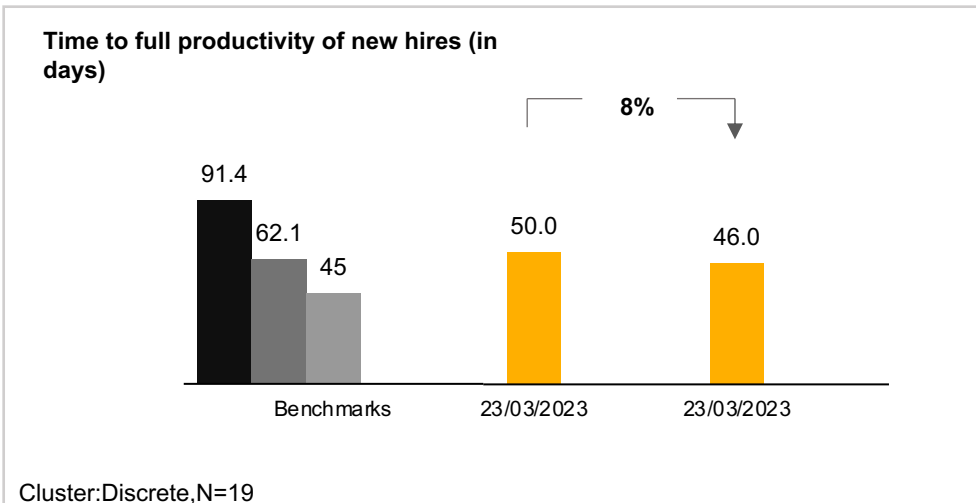
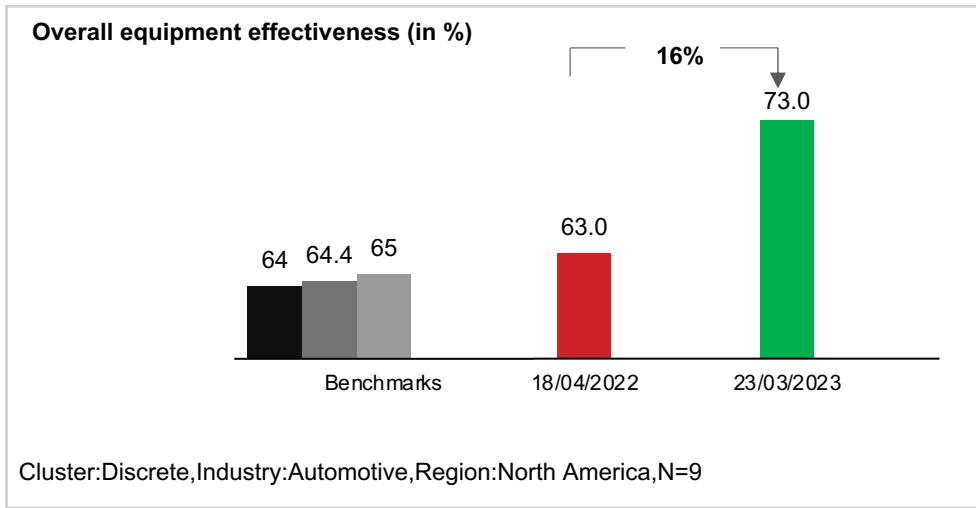


Real-time, flexible output that can be customized

Demo Video



We help you continuously measure your performance on Business KPIs



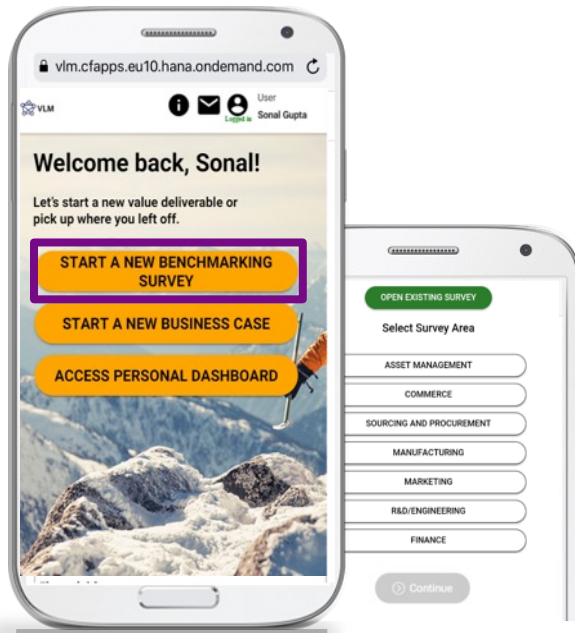
Our **Value Realization Dashboard** is designed to:

- Conduct longitudinal analysis by comparing your organization's performance on **700+ KPIs** over a period of time
- Analyze your **performance against industry benchmarks**

■ Better than Top 25%
 ■ Between Top 25% and Average
 ■ Worst than Average

Start leveraging VLM today!

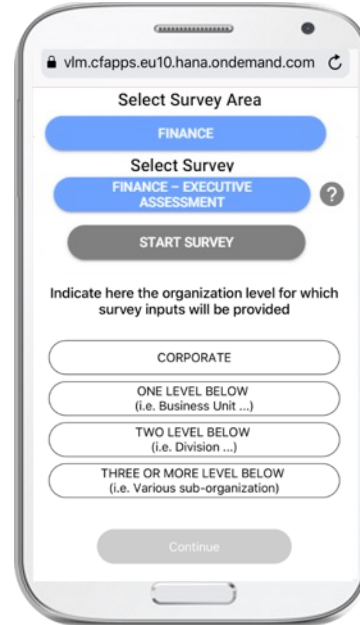
Here's a simple 4-step process



1. Access

Click on [SAP VLM platform link](#)

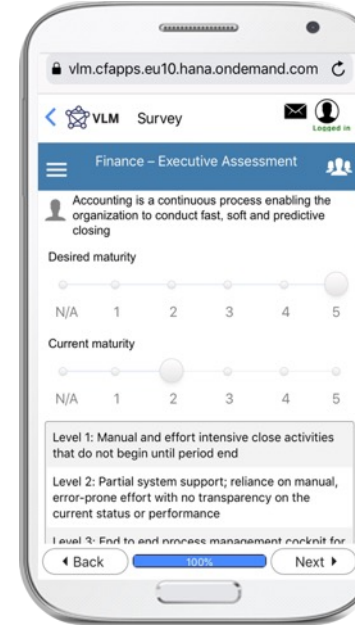
OR Click on the survey link collaborated by SAP PoC



2. Profile Information

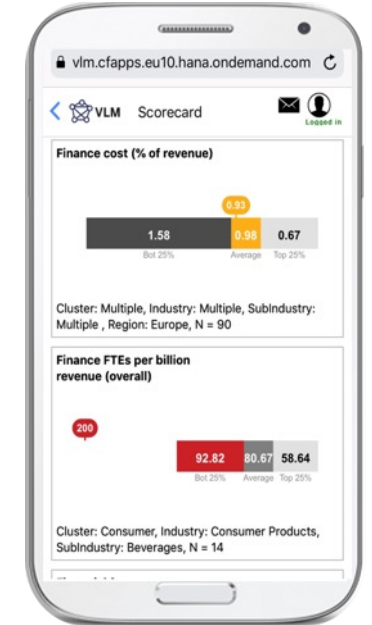
Start your Benchmarking Journey and Select Process Scope

Input Profile Data and Start the survey



3. Data Collection & Validation

Complete the Survey and validation checks



4. Get Results

Click on View Scorecard to see the results in real-time (downloadable in PPT).

For any changes to peer group selection, reach out to an SAP PoC or valuemanagement@sap.com

A successful benchmarking engagement will provide huge value and will only require commitment with limited resources from your side



Provide **executive sponsorship** and define engagement objective and expected outcomes



Dedicate time to fill up KPIs and best practice maturity survey

- 2 – 3 hours for high level survey per business area
- 4 – 6 hours for detailed survey per business area



Coordinate with us on schedule and timeline to complete the survey and playback the results

Thank you!

Ram Akella

Principal, SAP Value Advisory

E-mail: ram.akella@sap.com



The confidentiality of your data is our absolute prerequisite



Customer & Peer Data



Your data is always treated as highly confidential and is managed securely from start to completion

Our portals are **GDPR compliant**

Data Usage



Your profile data will never be shared outside of any pre-existing (if any) collaboration and will only be sanitized to create benchmark peer set averages

Benchmarking Assets and Publications



We may create thought leadership assets leveraging insights from mining our benchmarking database. These are fully sanitized and will never reveal company-specific data