SAP SEM Overview

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- SEM
- SAP-SEM Demo
- .navigate
What is Corporate Performance Management (=SEM)?

Open Information Culture

Process
- Strategy formulation
- Budgeting, forecasting and goal-setting
- Performance feedback
- Business activity monitoring

Methodology
- Balanced scorecard
- Six Sigma and European Foundation for Quality Management (EFQM)
- Activity based management
- Value-based management
- Intangible asset management

Metrics
- Financial and nonfinancial
- Short-term and long-term
- Qualitative and quantitative
- Lagging and leading
- Aligned

Technology
- Point solutions
- CPM suites
- Business intelligence
- Data warehousing
- Dashboards, cockpits and scorecards

Organisation

CPM

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Long-Term Focus: Strategy Management

- Fixed annual strategies and budgeting cycles are no longer sufficient in a dynamic, market-driven world
- Multi-year strategic plans must be adjusted on a regular basis and reconciled with mid-term plans of business units

Mid-Term Focus: Business Performance and Planning

- Top-down guidance of objectives and targets to business units
- Disconnection of mid-term business plan with strategic objectives and operational plans
- Adequate performance measurement, simulation, and forecasts

Short-Term Focus: Process Optimization

- Operational planning often carried out via spreadsheets, with little control, work flow, or data integrity
- Business process optimization is required in order to achieve business unit targets
Strategic Enterprise Management

Cost / Profitability Management (Reporting and Analysis)
- Process / Activity Costing
- Product Profitability
- Cost to Serve and Customer Profitability

Performance Management (Measures)
- Balanced Scorecard
- Value-Based Management
- Benchmarking

Forward-Looking Analysis (Planning, Budgeting and Forecasting)
- Strategy Formulation
- Simulation and “What If” Analysis
- Activity-Based Budgeting (ABB)
- Target Setting
Relationship of SEM to DW and Reporting Tools

- ERP Application
- Legacy Systems
- Databases
- External Sources (Internet)

Transformation and Migration Tools

Data Warehouse
- Meta Data
- Main and Summary Databases

Analytic Applications
- Cost and Profitability Management
- Performance Management
- Forward-Looking Analysis

Reporting and Analysis Tools

Users
- SEM
- SAP-SEM Demo
SAP SEM Overview

SEM (Strategic Planning) tool, and several other tools.

Enterprise Portal

Strategy Management
Performance Measurement
Business Planning & Simulation
Business Consolidation
Stakeholder Relationship Management

Financial Analytics
CRM Analytics
PLM Analytics
SCM Analytics
Workforce Analytics

Business Information Warehouse

CRM
SCM
PLM
SRM
non-SAP Apps
SAP SEM – Strategy Management

Balanced Scorecard
- Strategy Drivers
- KPIs
- SEM Business Content

Value Driver Tree
- Strategy Drivers
- KPIs
- Benchmarking

Value Based Management
- Strategy Drivers
- KPIs
- Benchmarking

Performance Measurement
- Management Cockpit
- Measure Builder
- Measure Catalogs
- Benchmarking

Business Consolidation
- Legal Consolidation
- Management Consolidation

Business Planning
- Modelling
- Planning Framework
- Planning-Applications
- Simulation

Stakeholder Relationship Management
- Integration of Stakeholders into the Strategic Management Process
- Investor Portal
Balanced Scorecard

Business challenge: 

Functionality

- Balanced Scorecard
- Top-down

Business benefits

- Break-down
- Drill-down reporting
Balanced Scorecard

**Strategy Map**

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Measures</th>
<th>Targets</th>
<th>Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>What the strategy is trying to achieve</td>
<td>How success or failure against objectives is monitored</td>
<td>The level of performance or rate of improvement needed</td>
<td>Key action programs required to achieve targets</td>
</tr>
<tr>
<td>- Build strong customer relationship</td>
<td>- Customer satisfaction</td>
<td>- 2001: 75 points</td>
<td>- Implement customer feedback database</td>
</tr>
<tr>
<td>- Improve R&amp;D Process</td>
<td>- 2002: 85 points</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Create New Products</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>- Develop Key Skills</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>- Improve Culture</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
Demo – Balanced Scorecard
Business challenge: 

Functionality

- Risk management

Business benefits

- E-mail notification
- Integration of
  - 
  - 
  - 

SEM Process: Risk Management

- Actual-Plan analysis
- Assessments by Owners of risks
- Risk Forecasting
- Take action based on assessment

(BU Measures that are effected by risks)
Business challenge:

Functionality
- Long-term planning (e.g. 3-5 years)
- Rapid planning
- "What-if" simulation and sensitivity analysis
- Easy to create values for top-down planning

Business benefits

* EVA is a registered trademark of Stern Stewart
Demo – VBM
SAP SEM – Performance Measurement

Management Cockpit
- EIS
- Analysis

Measure Builder
- KPI
- Benchmark
- BW InfoCubes
- BW Reports

Measure Catalogs
- 220 KPI
- Benchmark

Measure (Performance Measurement)
- Management Cockpit
- Measure Builder

Strategy Management
- Balanced Scorecard
- Risik Management
- Strategy Templates
- Value Driver Trees
- Value Based Management

Business Planning
- Modelling
- Planning Framework
- Planning-Applications
- Simulation

Business Consolidation
- Legal Consolidation
- Management Consolidation

Stakeholder Relationship Management
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Management Cockpit

Business challenge:

Functionality

- Management Cockpit
- Benchmark Analysis

Business benefits

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- „What-if“ analysis within value driver tree
- Outside-in approach:
Management Cockpit – very easy navigation concept

Cockpit Overview - status filter option

Wall – 36 KPI's and their Status at first glance

Logical View – 6 KPI's in graphical format

Frame –
1 KPI graphic with multiple drilldown features
Demo – Management Cockpit
SEM Business Content: Measure Catalog

Measures are described by

- Formula
- Definition
- Value Type, Unit
- Link to a BW keyfigure if available

Goal: 50% of the Measures linked to a BW keyfigure.
Demo – Measure Catalog

Demo: Measure Catalog
Business challenge:  

Functionality

- Fast close via high degree of automation
- Flexibility – customer-definable data model
- Easy to use – control via graphical monitor
- Quantity – high performance of all functions
- Reconciled external and internal group reporting
SEM Process:  

1. Control of the consolidation process through the Consolidation Monitor
2. Currency translation
3. Reclassifications
4. Reporting

Ownership Report
SAP SEM – Business Planning & Simulation

Strategy Management
- Balanced Scorecard
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- Value Based Management

Performance Measurement
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- Benchmarking

Business Consolidation
- MS Excel
- HTML
- SAPGUI for HTML
- SAPGUI for Windows

Stakeholder Relationship Management
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Application areas of Business Planning

- Strategic Enterprise Planning
- Financial Planning
- (extended) Logistics planning
- Sales Planning

- Simulation
- Demand planning
- Supply chain modelling
- Supply network planning
- Production planning
- ... 

70% of the enterprises today use spreadsheets for planning! (source: Ventana Research 2003)
Planning in in many companies today
Integrated Business Planning

Strategic Planning
- company vision and mission
- long term investments
- strategic directions
- strategic market development goals and targets
- ...

Operational Planning
- Sales Planning
- Revenue Planning
- Demand Planning
- Supply Planning
- Profitability Planning
- Cost Center Planning
- Strategic Sourcing
- ...

Execution Planning
- Detailed scheduling (MRP)
- Shop Flow Control
- Line planning
- Capacity planning
- Contract handling ...

Granularity
- low
- high

Results
- Adjust plan

Measure and decide
- Operational plan

Revise strategy
- Strategic plan

Execute
- week1
- week2
- week3
- year 1
- ...
- year x
Bottom-Up and Top-Down

CFO
- Profitability
  - per business unit
  - per quarter

Top Down

Business Unit
- Revenue Planning
  - per region
  - per month

Top Down

Regional Sales
- Volume / Price-planning
  - per customer
  - per article
  - per month

Bottom Up
Sample Planning Scenario

Balance Sheet and Profit & Loss Planning
Business challenge: 

Functionality

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Business Benefits

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Demo:
SAP SEM – Stakeholder Relationship Management

**Stakeholder Management**
- Answer mails
- Create new contacts (mail, annual meeting)
- Send out questionnaires

- BW Business Content
- Multidimensional analysis
- Internal Reports
- Web Queries

- Editorial Workbench
- Information requests/ enquiries
- Administration of data sources

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**Business Planning**
- Modelling
- Planning Framework
- Planning-Applications
- Simulation

**Stakeholder Relationship Management**
- Contact Mgmt.
- Stakeholder selfservice
- Stakeholder reporting
Business challenge: 

Functionality

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Business benefits

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-
SEM

SAP-SEM Demo
Questions?

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