

Win in the flat world

Accelerate Your ROI through SAP MDM

– Ravishankar Hossur

Executive Summary

Across the world, enterprises have invested heavily in ERP packages. The key objectives during the 90's through the early part of this decade were to leverage best of breed packages to streamline and standardize the largely enterprise-centric processes, which covered the most part of the value chain. The focus was on better information management across various business functions, transparent reporting, compliance, and IT systems that were built to last.

In a flattening world and increased globalization, the need of the hour is agile and flexible IT systems. Although many enterprises have stabilized their processes, they find large under-utilized investments scattered across geographies. Changing business needs due to mergers and acquisitions, expanding to new geographies to be closer to the customers, introduction of new products and services, etc., are drivers for enterprises to build "IT systems for change". These systems need to interact seamlessly across lines of business and geographies to provide a global view of the business to optimize operations, better manage information and enable faster decision making.

To this end, the questions that enterprises need to ask themselves are: How can we leverage our existing IT investments for flexibility to support business changes and enable quicker decisions? How can we make money from non-standard and unstructured information buried in a plethora of applications?

This Infosys paper addresses these objectives and outlines an approach with which companies can maximize the leverage of existing systems. The approach offers a multi-layered architecture that can provide consolidated analytics for a global view of the organization. To achieve this, enterprises need to invest in a centralized master data service, enabled for use across all applications. Using an SAP MDM solution coupled with an analytics platform like BW would enable efficient access to standardized information across the enterprise. This would help improve operational efficiency and maximize returns on existing investments.



Problem analysis: How Company ABC* Maximized its IT ROI

Although there are no short cuts to maximizing ROI from IT investments, the following scenario of Company ABC shows how enterprises can extract more juice out of their investments while streamlining the architecture and achieving application landscape agility.

Current state of affairs at ABC

Headquartered in North America, Company ABC is a global major with manufacturing operations out of North America and Europe, it has sales offices all over the world.

With globalization driving corporations to build the right thing at the right time and place at the lowest price, Company ABC had set up new manufacturing facilities in China and acquired a company in India. Fig 1 depicts the

state of affairs at ABC. Each country operation has developed its own set of IT systems. Some of these systems interface with others using integration tools or flat file interfaces.

Company ABC must now deal with three main concerns to ensure that all its IT systems support its global needs:

1. Data uniformity across systems
2. Unified business information across geographies and systems
3. Cross application interface to execute business decisions that could impact multiple applications

Finally, it is critical to ensure that these objectives are met with minimal impact to existing business and by leveraging the existing investments in the various geographies.

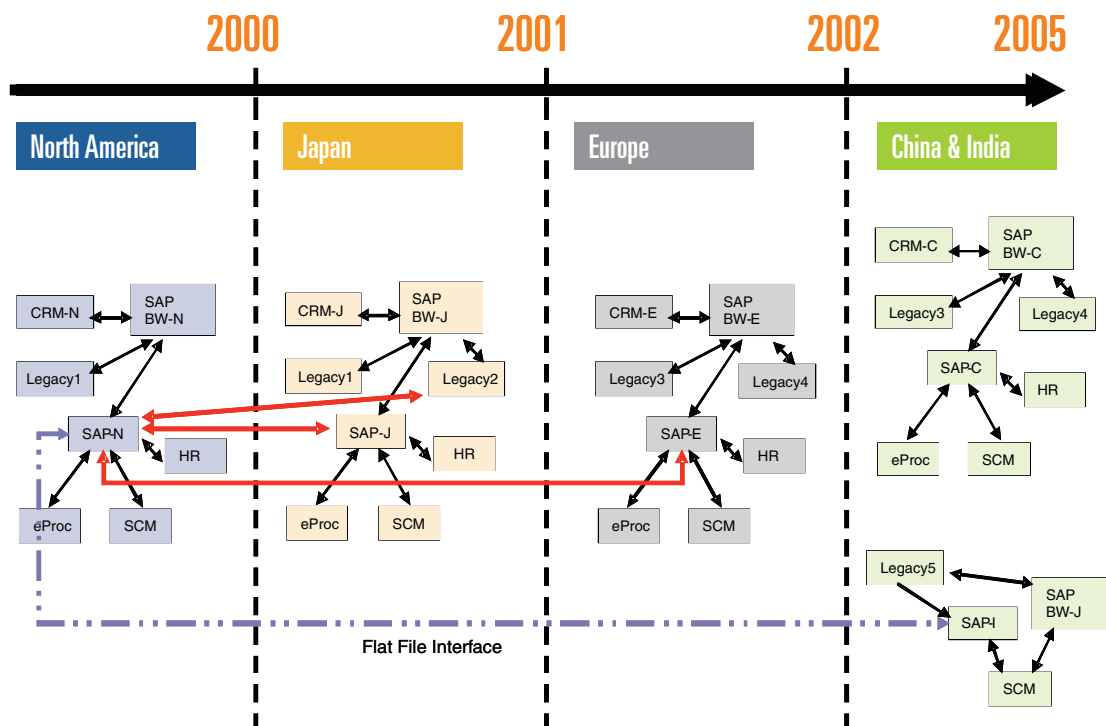


Fig. 1: Different geographies, different systems

* Company ABC referred to in this presentation material is purely a hypothetical entity, termed as such and referred to solely for purposes of illustration, and is not representative of any actual or existing entity. Any resemblance in this regard is unintended and coincidental.

Suggested Approach

The Infosys approach entails implementing an architecture that provides the necessary flexibility while leveraging existing investments. This approach is diagrammatically depicted below in Fig. 2.

Data uniformity across systems

Globalization implies that the company's key business partners including vendors, customers and employees are spread across the globe. Hence the company needs visibility, centrally as well as locally, to be able to make right and timely decisions. To ensure this, the master data for its global business partners will need to be centralized. This will address the needs of each business partner and product across all systems, processes and people in the organization.

In the existing architecture as represented in Fig. 1, the master data is maintained in different systems in different geographies separately. To create a master data or to change a few attributes of a master data that is global in nature would mean modifications in a large number of systems. The cost and effort involved to maintain consistent data would be significant considering that the data needs to be maintained across multiple systems. The need is cleansed data harmonized across systems by implementing a centralized MDM tool ensuring high quality master data that is global, streamlined, easy to maintain, and consistent over time. As represented in Fig. 2, the fundamental building block will need a single system of record for all master data across various components in the architecture. Many large companies are recently moving into the concept of Central Master Data management and hence most of the commercially available MDM packages are either untested or have low maturity. For Company ABC it would be logical to choose

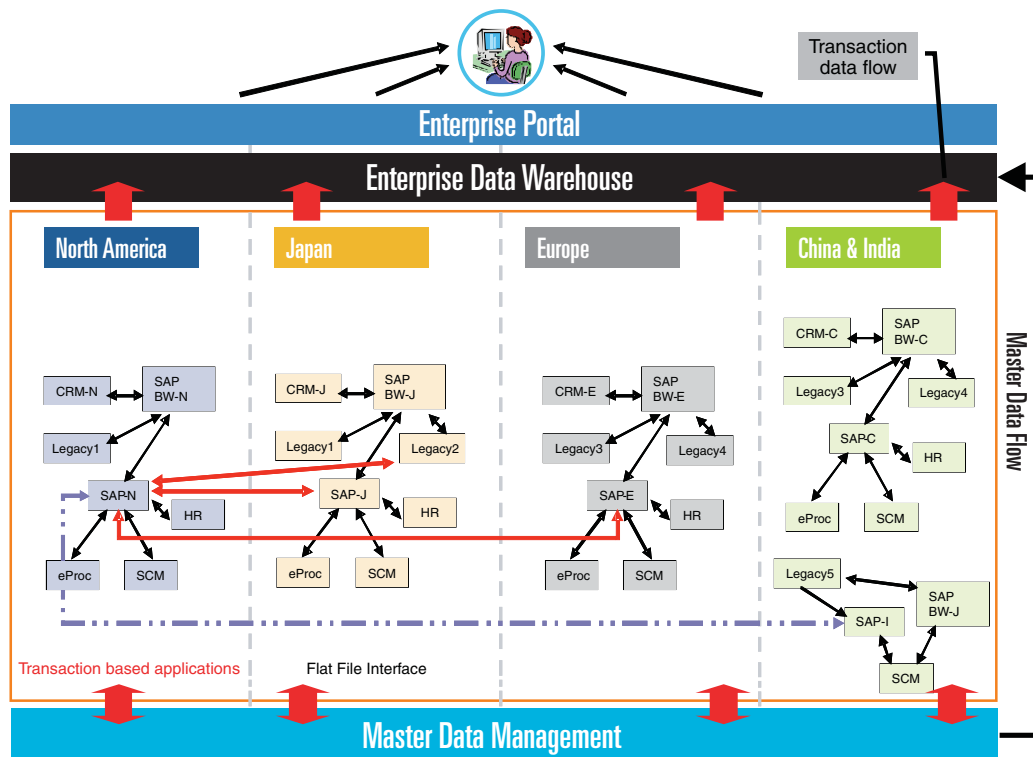


Fig. 2: MDM for unified view of information across geographies

a package in which a vendor has made significant commitments in terms of investments. SAP has taken steps to ensure the success of SAP MDM as it is the center to its vision of getting companies to adopt the eSOA architecture and NetWeaver components.

From the perspective of integration, SAP MDM fits well in the existing SAP landscape. To ensure seamless integration, a middleware such as SAP's XI or any other tool can be used since SAP provides some pre-defined content that can be useful for mapping and creating repositories within SAP MDM. Among the strengths of SAP MDM is the ease with which workflows can be created using Visio. With the drag and drop functionality, SAP MDM workflows are the easy to work with. SAP now also provides JAVA-enabled APIs to define processes via external applications like enterprise portal. Further, SAP MDM provides flexibility of configuring the system rather than having to code the requirements using programs.

Unified business information across geographies and systems

Information today is available in various pockets of the organization. The challenge is to know where to get the required information and how to leverage it to generate more business and higher margins. For example, how does a procurement head decide if he is getting the maximum value out of his supplier base in China? In the existing architecture at the ABC company, information from various sources and geographies needs to be consolidated before decisions can be made. Instead, global visibility of procurement spends across the enterprise for a supplier can enable faster decisions for a more meaningful sourcing strategy. Similar analysis on customers will empower the sales heads to develop better pricing policies, and the ability to cross-and up-sell across geographies. SAP's Business Warehouse provides an excellent platform for reporting across entities with the ability to look at different

aspects of the available information. Integrated with SAP BW and other SAP and non-SAP systems, SAP MDM ensures a comprehensive reporting system to address reporting requirements across geographies, products and business partners.

Cross application for business decisions that could impact multiple applications

In the current scenario at Company ABC, executives must communicate their decisions down the line with line managers executing these decisions in individual systems. This can result in information redundancy from decision-making to its execution. Further, the likelihood of errors and miscommunication can lead to loss of time and lower operational efficiency.

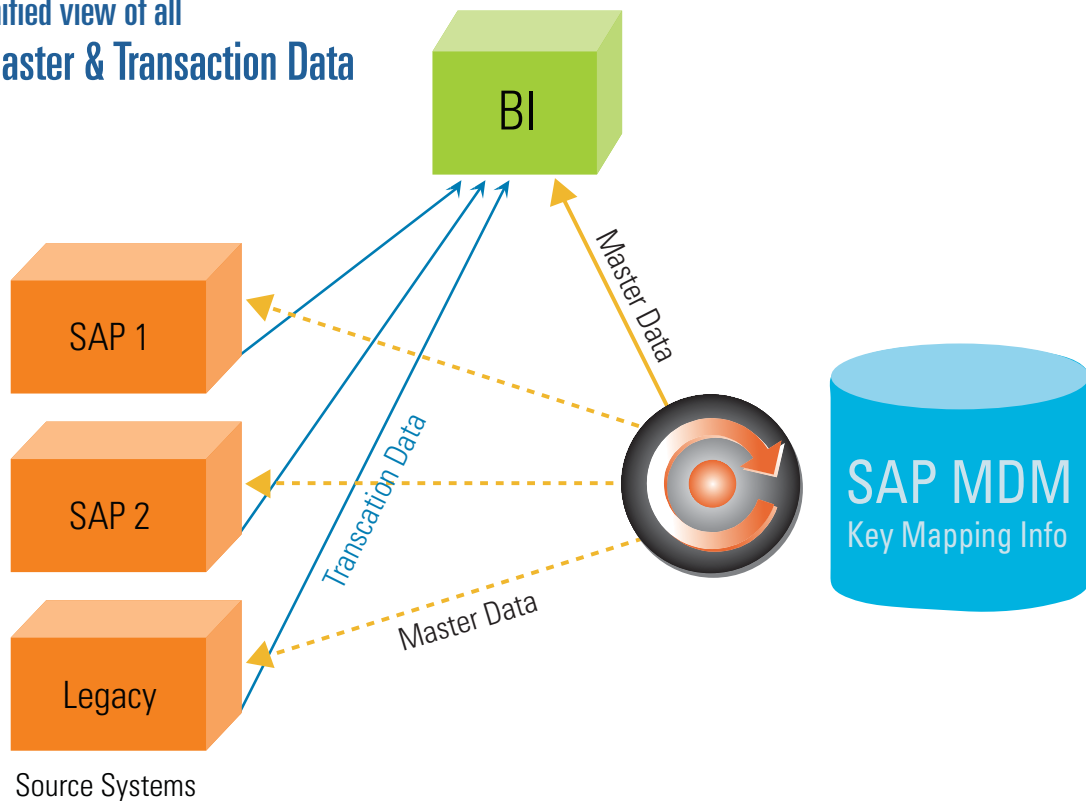
On the other hand, if executives have a platform to view the analytics that would enable them to make decisions irrespective of the underlying application and communicate it by making changes in the underlying systems, the process would be far more efficient and streamlined.

Fig. 2 represents the architecture that Company ABC needs to enable a robust decision making process. The architecture describes the need for a centralized master data system that also forms the foundation stone for the organization to move toward the end goal of enterprise service oriented architecture (eSOA). With the foundation stone in place, the company can put in the subsequent layers of the architecture such as enterprise data warehouse to enable better information analytics and improved enterprise portal for uniform user experience.

As implementations of this scale can be challenging, both technically as well as commercially, Company ABC would do well to draw up a strategic road map toward the end goal with small but sure steps that will minimize impact on operations. Fig. 3 shows how this can be achieved across geographies and systems in an organization.

Fig. 3

Unified view of all Master & Transaction Data



The following activities need to be executed to enable the given architecture to perform:

- Maintain cross reference mapping tables in MDM via Remote keys
- Master data collected from various ERP systems in MDM via XI
- Master data collected from various ERP systems in MDM via XI
- Consolidated master data is syndicated to BI & source systems through XI
- Transactional data from various systems fed to BI system
- Cross system reporting using key mapping information available from MDM

Conclusion

With most organizational IT landscapes resembling a kaleidoscope of various platforms, systems, technologies and applications built over decades, it is always a challenge to phase out old applications while adopting new technologies. To accomplish this can be expensive in terms of time and cost. To reduce this impact and also to maximize the return on their existing IT investments, companies should try and leverage old investments where possible while being bold enough to adopt new architectures and concepts like MDM that can provide flexibility and enable business agility in dynamic market conditions.



About the Author:

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