Agenda

- Value Management Organization
- Value Realization
- **Value Optimization**

Value Management Questions

What Does This Mean for Your Business?

1. What is the business case for IT-enabled investments?
2. Did we deliver on the business case we already approved and funded?
3. How do we govern the value delivery from all IT investments?

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Value Management Performance Drivers

On-Time **%** Projects delivering benefits on or ahead of time

On-Budget **%** Projects delivered on or ahead of schedule

On-Value **%** Expected benefits actually attained

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What is leading performance?

On Time

1.9X

MORE

"Best performers are more likely to deliver value on or ahead of time"

On Budget

1.5X

MORE

"Best performers are more likely to deliver projects on or below budget"

On Value

1.5X

HIGHER

"Best performers have higher business benefits achieved

Source: SAP Value Management Best Practices Survey 2009 – 2011; 630+ respondents

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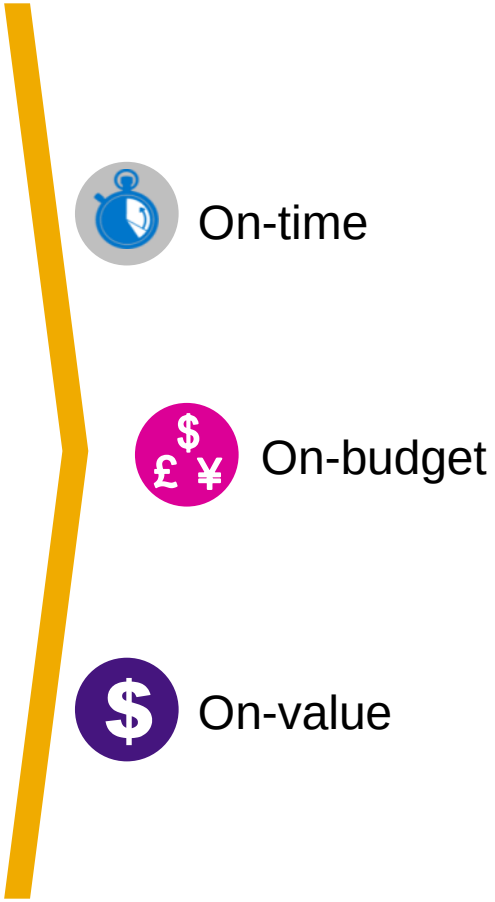
Value Management Disciplines

Strategies for leading performance

1. **Performance Benchmarking:** Consistent approach to benchmark performance, identify opportunities and develop strategies to close performance gaps
2. **Justification:** Formal, collaborative business case process resulting in proposals with achievable benefits, timelines and sponsorship
3. **Value Realization:** Make the business case actionable and measurable through process re-design, value measurement and governance
4. **Business Strategy & IT Alignment:** Seamless alignment of IT and business in multi-year planning and execution
5. **Governance & Portfolio Management:** Active leadership involvement in program enablement; cross-program approach to manage prioritization, return, risk, resources
6. **Organization Excellence:** Clear ownership for creating and delivering a culture of value throughout the organization



Source: SAP Value Management Best Practices Survey 2009 – 2011; 630+ respondents

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Value Management Maturity

Adoption Roadmap

REACTIVE

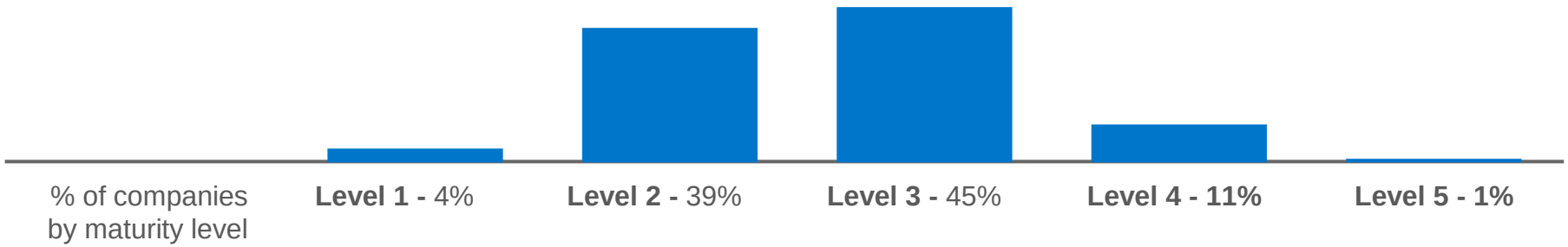
- Business & IT make individual/ isolated decisions
- Benchmarking not utilized
- Business cases not created or required
- No performance baseline established; process changes and solution design not linked to value
- Projects analyzed in isolation irrespective of the portfolio; no visibility to project results
- No owners for VM functions in the organization

MODERATE

- Business-IT decision-making processes are somewhat regular and formalized
- Several metrics are benchmarked on a one-off basis
- Standard business case process exists but limited adherence
- Some process change definition & measurement accountability
- Some executive visibility to project results; projects managed as a portfolio
- There is an established VM discipline, applied sporadically

FULL

- All decisions are jointly made and multi-year planning is utilized
- Benchmarking drives ongoing business improvement
- Detailed business case and financial ROI analysis jointly driven by bus. & IT
- Full process change definition and measurement accountability
- Projects evaluated as part of a portfolio driven by value; full executive visibility
- Clear, defined ownership for VM in the organization



Source: SAP Value Management Best Practices Survey 2009 – 2011; 630+ respondents

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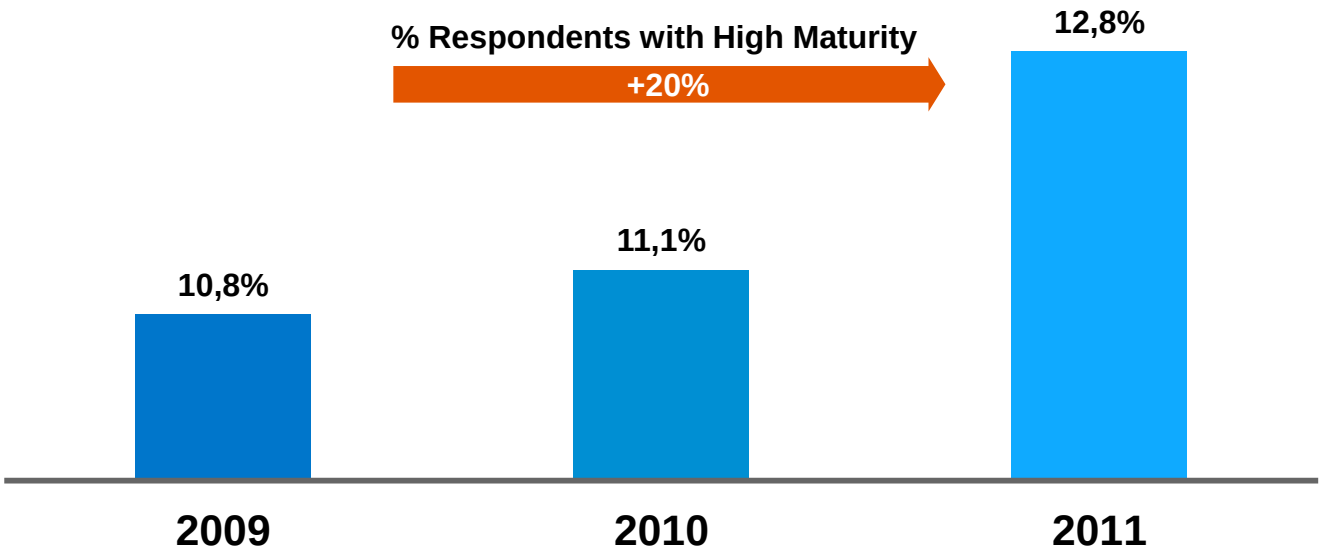
20% increase in companies with “High” VM Maturity since 2009



72 companies considered High maturity

10% increase in on-value performance since 2009

Source: SAP Value Management Best Practices Survey 2009 – 2011; 630+ respondents

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Impact of best practice adoption, by VM Discipline

Companies with high adoption of best practices over-perform

		On-Value (higher benefits achieved)	On-Time (benefits achieved faster)	On-Budget (projects completed on time)
1	**Performance Benchmarking**	30% higher	58% faster	-% more
2	**Justification**	33%	35%	25%
3	**Value Realization**	51%	81%	37%
4	**Business Strategy & IT Alignment**	47%	55%	22%
5	**Governance & Portfolio Mgmt.**	41%	77%	47%
6	**Organization Excellence**	30%	58%	27%

Source: SAP Value Management Best Practices Survey 2009 – 2011; 630+ respondents

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1 Performance Benchmarking

Average coverage[1]: **2.5**

How to do This?

- Measure operational KPIs frequently, leveraging automated BI tools
- Perform internal and external comparisons
- Assign owners accountable for driving KPI performance improvement

What's the Impact?

30% **Higher Benefit Achieved**

58% **More Likely to attain value "on" or "ahead of" time**

(1) Average level of best practice coverage based on a 1 – 5 scale
Source: SAP Value Management Best Practices Survey 2009 – 2011; 630+ respondents

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2 Justification

Average coverage[1]: **2.8**

How to do This?

- Require financial business cases for all implementations which identify benefit areas and required operational changes
- Drive business cases jointly between business and IT
- Set clear, consistent approval guidelines

What's the Impact?

33% Higher Benefit Achieved

35% More Likely to attain value "on" or "ahead of" time

25% More Likely to deliver "on" or "below" budget

(1) Average level of best practice coverage based on a 1 – 5 scale
Source: SAP Value Management Best Practices Survey 2009 – 2011; 630+ respondents

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3 Value Realization

Average coverage[1]: **2.5**

How to do This?

- Identify required process changes during blueprint design phase
- Clearly define , document , communicate success criteria with implementation team
- Manage scope changes based on business case impact

What's the Impact?

51% **Higher Benefit Achieved**

81% **More Likely to attain value "on" or "ahead of" time**

37% **More Likely to deliver "on" or "below" budget**

(1) Average level of best practice coverage based on a 1 – 5 scale
Source: SAP Value Management Best Practices Survey 2009 – 2011; 630+ respondents

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4 Business Strategy & IT Performance

Average coverage[1]: **3.0**

How to do This?

- Conduct regular IT and business meetings leveraging joint planning methodology
- Prioritize initiatives based on benefits, organization readiness, risk, and technology impact
- Assess industry best practice adoption during strategy reviews

What's the Impact?

47% **Higher Benefit Achieved**

55% **More Likely to attain value "on" or "ahead of" time**

22% **More Likely to deliver "on" or "below" budget**

(1) Average level of best practice coverage based on a 1 – 5 scale
Source: SAP Value Management Best Practices Survey 2009 – 2011; 630+ respondents

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5 Governance & Portfolio Management

Average coverage[1]: **2.7**

How to do This?

- Provide executive visibility to project performance
- Employ multi-faceted portfolio management guided by business and IT strategy, resources & value
- Employ well defined risk management processes

What's the Impact?

41% **Higher Benefit Achieved**

77% **More Likely to attain value "on" or "ahead of" time**

47% **More Likely to deliver "on" or "below" budget**

(1) Average level of best practice coverage based on a 1 – 5 scale
Source: SAP Value Management Best Practices Survey 2009 – 2011; 630+ respondents

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6 Organization Excellence

Average coverage[1]: **2.2**

How to do This?

- Make change management integral to all projects
- Defined ownership for value management in the organization
- Top talent s play a role in IT value management as part of career path

What's the Impact?

30% **Higher Benefit Achieved**

58% **More Likely to attain value "on" or "ahead of" time**

27% **More Likely to deliver "on" or "below" budget**

(1) Average level of best practice coverage based on a 1 – 5 scale
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Key Questions for companies considering Value Management Adoption

- Who owns the value creation – IT or the business?
- How do you build and fund a Value Management program?
- What tools, training, and business content is needed to drive such a program?
- Where should you start?
- Who should be the executive sponsor?

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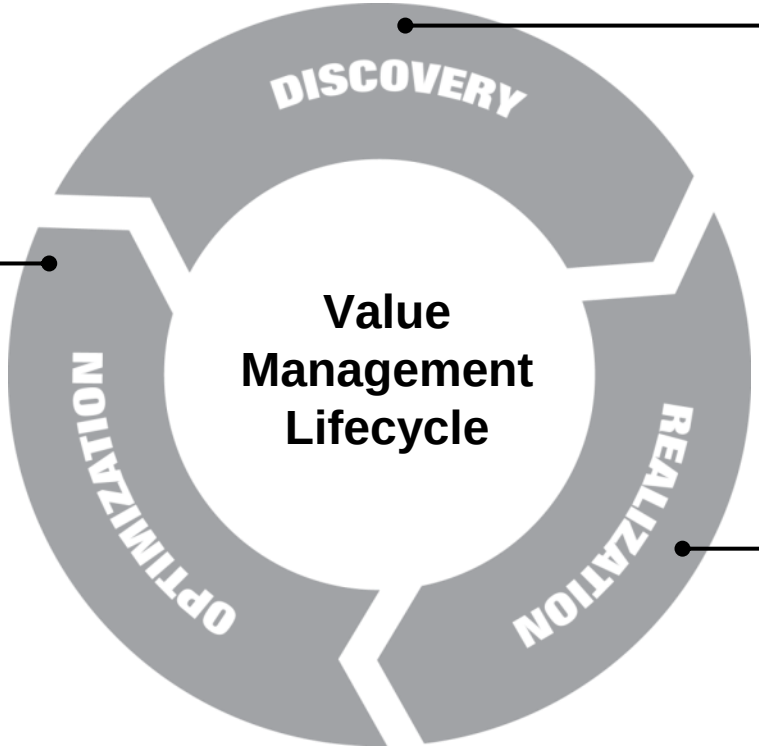
SAP Value Management: Sustainable Approach



Plan

- Assess and prioritize opportunities with business benchmarking
- Build the decision case and set success KPI's
- Define the target architecture and the high-level roadmap

Execute

- Define optimized business process and implement technical solution
- Establish operational metrics and measurement mechanisms
- Provide performance visibility

Institutionalize

- Assess Delivered Benefits
- Optimize TCO
- Establish value management & process governance office

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SAP Programs for Value Management

CONTENT

Performance Benchmarking

- 10,000+ submissions
- 25 Industries; 30+ process areas

Business Case Development

- 1 Million content items
- Pain points, solutions, value drivers

TRAINING

Value Academy (Customers)

- 450+ academies
- 6,000 attendees; 2,500 companies

Value Management for Partners Program

Program to expose and align SAP's VM Methodology with Partners

SERVICES

Value Engineering

Collaborative benchmarking , business case and roadmap development for your business transformation

Business Transformation Services

Consultative alignment of business strategy and IT

PLATFORM & TOOLS

Value Management Center (VMC)

- End-to-end benchmarking platform
- On-demand performance insights

Value Lifecycle Manager (VLM)

- Collaborative, on-line business case development & monitoring
- 15,000 users
- 1,500 active business cases

Note: Data as of September 2011

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What's Next?

Subscribe
to our Value Management feed on Twitter (@sapvaluemgt)

Join
our SAP Value Management Group on LinkedIn (SAP Value Management)

Ask
your account team to schedule a Value Management Executive Briefing

Initiate
the benchmarking process with a free Value Assessment at valuemanagement.sap.com/*sapglobal*

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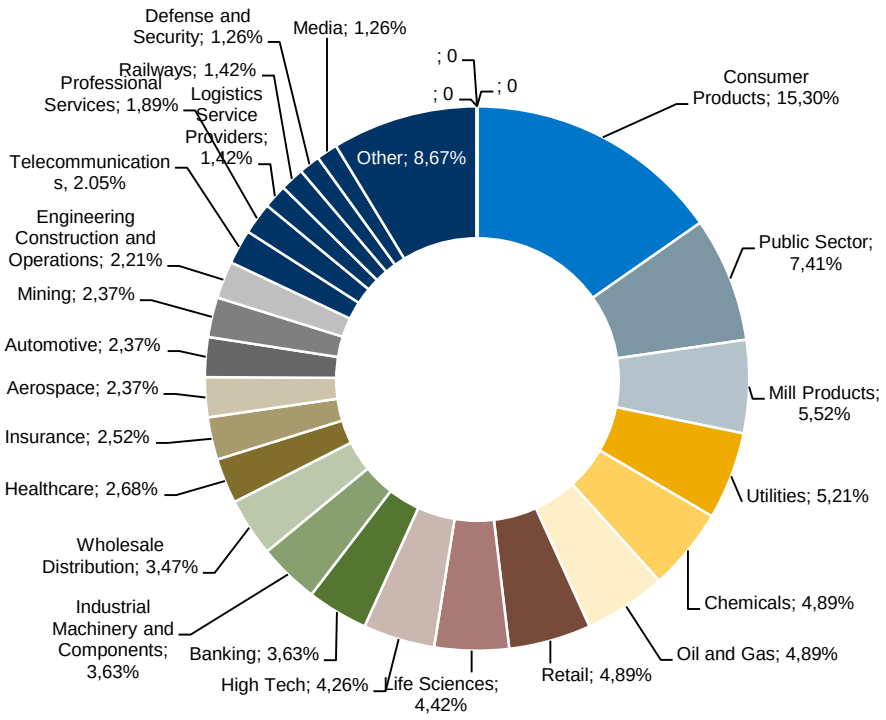
Appendix

Participant Profile

Organizations of all sizes, across all industries and geographic regions participated in the survey. In total, 634 responses were analyzed.

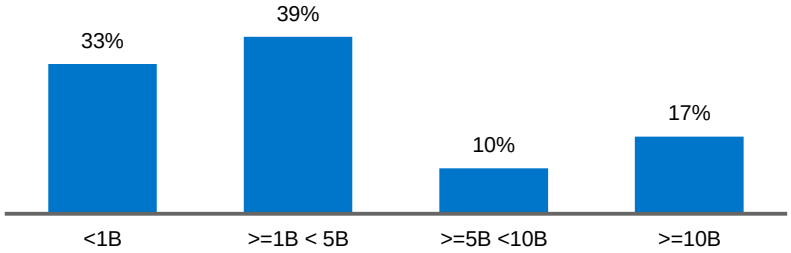
Industry Mix (% of Participants)

N = 634

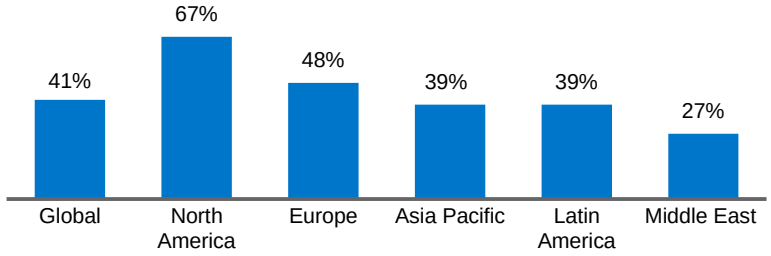


Revenue Mix

(% of Participants)



Regions



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Thank You!