SAP® Business ByDesign® Innovations and Key Capabilities
Introduction

SAP offers a complete on-demand solution with SAP® Business ByDesign®, which was built from the ground up to be a cloud-based solution. In this solution overview we describe the innovations in and key capabilities supported by SAP Business ByDesign.

The main section describes the innovative aspects of SAP Business ByDesign from five perspectives: solution, business, go-to-market, service, and co-innovation.
Addressing the Needs of Midsize and Fast-Growing Companies

Seven years ago, our market research discovered that there was a gap in the business software solutions market for midsize and fast-growing companies. Not only did we learn that these companies had similar requirements to our large enterprise customers, they weren’t yet being addressed as a whole. Piecemeal solutions were available to address individual business processes, but there wasn’t an integrated suite specifically built for this market. Additionally, technological advances in the areas of in-memory, processing power, and Internet bandwidth provided the optimal basis for developing a new cloud-based solution. The result is the SAP Business ByDesign solution.

SAP Business ByDesign is a complete solution comprising project management, manufacturing, supply chain management, customer relationship management, financials, management reporting, and human resources. It provides the complete end-to-end business process integration that our large customers have always wanted as a flexible, extendible cloud solution, so customers can focus on their business and not on IT. SAP Business ByDesign supports 35 fully integrated end-to-end business scenarios, from traditional order-to-cash to complex third-party order processing scenarios.

The scenarios go across corporate boundaries addressing the customer relationship management (CRM), financial, HR, supply chain management (SCM), supplier relationship management (SRM), and other requirements of typical solution customers, not just within a company, but including functionality that connects businesses to businesses.

The business scenarios, as well as all functions in SAP Business ByDesign, can be deployed incrementally in phases, providing customers with the flexibility to adapt their solution as they grow. The unique user experience is intuitive, reducing the need for any additional training. Built-in help and learning is just a click away. Users can get answers to their questions or access a demo on how to use the software from every screen. Service and support functions are also built directly into the software; key users can report an issue from any SAP Business ByDesign screen directly to SAP support. The solution also includes system self-monitoring with automatic correction mechanisms, as well as analytics and compliance functions. All business, service, and support functions are fully integrated in the solution too.

In the long run, midsize and fast-growing customers are looking to one vendor to meet all their business needs. For our customers, SAP Business ByDesign makes cloud computing simple and affordable with pay-as-you-go monthly fees.
Introduction

Because SAP Business ByDesign is an end-to-end integrated, cloud-based solution, it is equally well suited to large companies that would like to move to a cloud-based solution. It is also particularly well suited to the needs of large companies’ subsidiaries, which share many of the same requirements of midsize and fast-growing companies – continuous innovation without the expense of an IT infrastructure.

In addition, for subsidiaries, the integration of SAP Business ByDesign with the SAP Business Suite applications is especially attractive. The integration of master data, financial consolidation, and support for end-to-end scenarios is built right into SAP Business ByDesign, so that the time-to-value is measured in weeks rather than months.

The two most significant end-to-end business scenarios for businesses today, procure-to-pay and order-to-cash, have an automated exchange between SAP Business ByDesign and the SAP ERP application.

The integration of master data, financial consolidation, and support for end-to-end scenarios is built right into SAP Business ByDesign, so that the time-to-value is measured in weeks rather than months.
Basis for Further On-Demand Solutions

The architectural design of SAP Business ByDesign naturally lends itself to it being deployed as a platform. Other on-demand solutions, as well as future on-premise solutions, can be built on top of the solution. The SAP Cloud for Sales and SAP Cloud for Travel and Expense solutions are two examples.

The solution was developed with flexibility, adaptability, and extensibility in mind, making it a solid cloud offering. Through the built-in service-oriented architecture (SOA), SAP Business ByDesign has a comprehensive blueprint for creating flexible enterprise software based on the model-driven composition of platform services.

When coupled with SAP HANA® software, SAP Business ByDesign is the state-of-the-art solution for further business application software.
SAP Business ByDesign provides a robust, stable, adaptable platform that allows an unprecedented amount of adaptation. Previous incarnations of enterprise software have been accused of needing dozens of consultants to customize them to meet individual needs. The new concept of enhancements provides the ideal balance between customer flexibility and SAP's operational efficiency to deliver attractive market offerings.

For an on-demand solution, SAP Business ByDesign offers an unprecedented degree of individualization and adaptation, which can be summarized in three dimensions: simplicity, flexibility, and extensibility.

**Simplicity**

Simplicity was a guiding principle in two ways: for the customer and for SAP. For the customer, the consistent user interface enables intuitive interaction, while the architecture allows SAP to maintain and operate SAP Business ByDesign as an on-demand offering.

**Flexibility**

The SAP Business ByDesign solution is flexible enough to allow local changes without destabilizing the entire system, and allows for modification-free adaptations.

**Extensibility**

Customers have the need to extend software with data, user interfaces, and business logic that support their specific processes. The architecture of SAP Business ByDesign allows extensions to be made using add-on solutions provided by solution partners (see also the section titled “Co-Innovation”).
Architecture Principles

Model-Driven Development
Model-driven development is an integral part of the architecture concept for SAP Business ByDesign and follows one consistent modeling method from planning through delivery. It enables faster development, supports enhanced software maintenance and adaptability, and most significantly, facilitates software reusability by leveraging synergies in modeling and documentation rules. SAP Business ByDesign customers benefit from increased flexibility, overall consistency, and transparency.

Service Orientation
The leading guiding principle in the design of SAP Business ByDesign is that all functions of a process component can also be used by other components or by external applications as a service. This means that all business functions are provided by the services of its process components, together with a basic foundation of commonly used master data and reuse services. The underlying programming model supports service orientation both on the provider and consumer side.

Decoupling and Integration
Another guiding principle in the design of SAP Business ByDesign is decoupling. Decoupling can be thought of in different ways: the decoupling of business logic from user interfaces, as well as the internal decoupling of the units that make up the solution platform.

The decoupling of user interfaces and back-end services providing the business logic enables the fast and easy provision of state-of-the-art user interfaces without disrupting the business logic (following the principle of timeless software). For example, it was fairly easy to enhance SAP Business ByDesign with new mobile applications that consume the same back-end services as browser-based user interfaces.

On the other hand, the modular design of the decoupled units of the solution is the prerequisite for flexible message-based integration between core application components that are accessed via standardized interfaces. A clear separation of process integration logic from business logic supports extensibility, which is the prerequisite for business adaptability.
The redundancy of transactional and master data was overcome by the introduction of a common foundation layer containing master data and reuse components used by all other application parts.

The modular structure of the platform allows the customer to begin with lean processes that only use a subset of the process components and increase the number of components used gradually, as required, instead of having to implement the entire solution all at once.

In addition, the modular structure allows SAP and partners to enhance the solution and its underlying platform over time by adding features to existing process components or adding new components.

In-Memory Technology

SAP Business ByDesign utilizes in-memory technology to help users make better decisions faster. The two primary characteristics are usage of a column-oriented in-memory database and the inclusion of in-memory-based search and analytics into all parts of the solution.

The usage of in-memory technology overcomes the traditional barriers between transactional and analytical applications and supports comprehensive search capabilities for the end user.

Document Flow

An important design principle and a key element of compliance is the document flow in SAP Business ByDesign, which captures the complete chain of business activities in a traceable way. All documents in an end-to-end process are visualized in a clickable graphic called the document flow, starting with the sales order through to customer invoice and including all documents in between, such as outbound delivery.

Furthermore, related financial documents are properly connected to the business documents and provide a detailed explanation of each figure in the system. As a result there is no journal entry in the system that cannot be proofed and traced back to its origin.
Solution Innovations

Architecture Principles

Process Automation
Proactive enablement of the user is a key design principle of SAP Business ByDesign, which aims to reduce number of clicks and restricts user interactions in the software to verification and clarification. For example, bank statement reconciliation can be a time-consuming process for most companies. In SAP Business ByDesign, automatic clearing in financial accounting is facilitated using electronic information from the payee. When there are discrepancies the solution automatically proposes a resolution to aid the user in solving the problem.

Because the process and data flows in SAP Business ByDesign are transparent to everyone involved, internal business processes are streamlined and productivity is improved.

For example, having central task management for production, warehousing, and quality management means that task lists, which can include special instructions, can be shared by groups or entire shifts. Once one task is completed, SAP Business ByDesign automatically creates the next one and routes it to the assigned person or group. Central task management thus enables more effective load balancing and faster response to unexpected situations.

Multi-Tenancy
It is essential that an on-demand offering be operated cost-effectively. Multi-tenancy enables the efficient operation for SAP managed services. In the SAP hosting environment, several tenants can be accommodated on the same system and infrastructure. This is called multi-tenancy, where the technology layers, such as Web servers, application servers, databases, and data storage, no longer need to be kept physically separated for each customer. As a result, many customers can jointly use this cloud infrastructure. With multi-tenancy, single operational tasks like patches or upgrades can be applied to a large number of customers at once.

Because the process and data flows in SAP Business ByDesign are transparent to everyone involved, internal business processes are streamlined and productivity is improved.
One of the main success factors of on-demand software is to meet the expectations of the end users and ensure that they can work efficiently and effectively with the system. SAP Business ByDesign puts users’ needs at the center of its design, addressing the “human” side of business software. Making the software easy to use, easy to learn, and easy to adapt are the key design principles.

**Easy to Use**

In order to provide an intuitive user experience, you have to understand the needs of end users. We go on site to observe and listen how users are working. A multidisciplinary team of design experts, business experts, and developers translate the derived user requirements to innovative UI prototypes to simulate the final solution.

To measure the effectiveness of this new design we validate it with end users in our usability labs around the globe – in China, India, Germany, and the United States. With their feedback we bring the design to the next level.

**Organizing Work Efficiently**

A user’s work is organized in work centers such as purchase requests and orders for a purchaser or sales orders for a sales representative. A work center comprises business activities and enables the user to focus on a set of tasks belonging together. The home page summarizes important tasks, showing, for example, news, analytics, and “mashups,” thus providing the context necessary to quickly decide on actions and access the main business functions.

Another important principle is to improve the users’ efficiency by actively pushing tasks they need to work on and not to waste their time searching through the system. The screens are designed in a way that only information relevant to carry out a task is shown. If needed, further information is just one click away. A powerful enterprise search function shortens the time it takes to find business documents such as sales orders, data on people, or reports, providing ad hoc access at all times. The search function can even find information located on sticky notes or customer-added fields, or it can be integrated with external search engines.

Analytics at your fingertips, a system-wide search, collaboration functions, and mobile applications empower users to work efficiently and effectively.
Easy to Learn

At many companies users often wear different hats and have many different responsibilities. Consistency in usage of the system is therefore very important. It is achieved by applying a pattern-based approach to all applications, enabling users to perform similar tasks in the same, efficient way. A coherent navigation system supports easy orientation within the system. Because screens and navigation are consistent throughout the system, it is easy for users to learn, speeding adoption.

As well as enabling users to work more efficiently, implementing the UI patterns into the development environment has helped to improve consistency and significantly improved developer productivity.

Easy to Adapt

SAP Business ByDesign is highly flexibility for customers and partners to adapt and extend. New fields can be added to screens and print forms, for example. Fields in tables and forms can be hidden or shown, enabling screens to be adapted to the information needs of the users.

It also provides flexibility for end users to personalize the system to individual needs. For example, they can define their own queries for work lists in order to quickly access the business documents they need to work on.

Key users can also create mashups to integrate external data and services within SAP Business ByDesign. One example is the incorporation of Google Maps directly into the user interface. Mashups can be triggered based on standard or customer-added fields and can even write data back to these fields.
The way SAP Business ByDesign has been designed makes it fast and simple to implement and adapt to individual company requirements. It also enables companies to adopt it in the way that is most suitable to them. For example, it supports 35 predefined, integrated, end-to-end business scenarios, ready for immediate use. Either during initial implementation or later on, customers can choose to use the scenarios and the related variants that are relevant to them, putting in place best practices that increase their efficiency and effectiveness.

SAP Business ByDesign significantly reduces the consulting effort and time needed for implementation through a rules-based catalog that allows configuration to be done in business language by business users. As a result, companies can quickly implement standardized business processes based on best practices.

Customers can choose to start with customer relationship management, enterprise resource planning (ERP), a subset or the full ERP package (refer to the “Go-to-Market Innovations” section for more details), a reference system, or with a completely individual selection of topics and packages.

In each solution the processes are already set up and the customer only needs to add company-specific data, like the organizational structure or e-mail settings. When using a reference system as a basis for implementation, customers must adjust the settings within the system to their specific needs.

For selected business packages the solution automatically selects all functions that are necessary for the process to run. The customer can fine-tune the settings later on, if required. Even after the initial implementation, the ability to configure the solution using business language means that customers can quickly and easily adapt it as their needs and market demands change.
Flexible Organization Structure

SAP Business ByDesign supports the many relatively small business units that are found in a lot of organizations. They may be located in different countries, be relatively autonomous in how they operate, and need functions tailored to their location, reporting, and analytics.

SAP Business ByDesign allows a single organization structure to be maintained, which reflects all entities and aspects of those companies. The significant innovation is that legal entities, financial aspects, the reporting lines, and functional hierarchy are integrated into one organizational model within the solution.

This model is powerful enough to capture all the real-world organizational complexities that are relevant, such as dotted reporting lines, multiple responsibilities, and cross-company reporting.

So, for example, a customer having distributed offices in Switzerland, Austria, and Germany can model them all in one central hierarchy, respecting the reporting lines and managerial and legal setup at the same time.

Importantly, changing the organization model is no longer a task that needs to be executed in different deployment units. Simple reorganizations can now take place with minimal impact. If, for example, the reporting line for a sales office changes, affecting not only the management but also the human resource department, it still results in only one maintenance task. Although complex reorganizations may still pose a challenge, organizational management offers maximum transparency and consistent data across all applications, as data is no longer distributed redundantly.
The paradigm change in this new generation of software is the transformation from being merely a transactional system to a powerful information system at the same time. Competitive advantage comes from being able to leverage contextual information and gain business insights in order to make the best possible decisions. This is why powerful analytics have been embedded into the SAP Business ByDesign solution and are available to every user. SAP Business ByDesign harmonizes and integrates analytical and operational views. Based on a sound understanding of the common processes that enterprises are using, it delivers analytical information as an integral part of the business scenarios.

Following the principles of personalization and adaptability, the solution allows users to easily and quickly adjust the analytical information and how it is displayed based on their role and working style. As a result, it helps them to take more effective decisions. The information can be supplied proactively or based on exceptions that trigger specific actions.

Customers and individual users at each customer can choose how they receive information and personalize it further.

Browser-based reporting is perfect for users who need information alongside the business processes they are using.

Mobile reporting functionality provides managers and executives with real-time reports and information on their mobile devices such as the Apple iPad. Dashboards, which any key users can create, empower managers to monitor key figures or respond to alerts in real time. Offline analysis using Microsoft Excel spreadsheets is possible for end users, such as controllers.
SAP Business ByDesign has been specifically designed to take advantage of enterprise mobility, improving access to processes and information. The design principle allows a native navigation feel on each mobile device and helps ensure that development is efficient.

The solution supports numerous business scenarios for managers and salespeople on iPhone, BlackBerry, Windows Mobile, and Android devices, and for warehouse workers on Motorola devices.

For example, managers can approve important sales quotes and get up-to-the-minute reports and key performance indicators (KPIs). All sales, service, and marketing employees can retrieve important account and contact data, as well as manage leads, opportunities, and sales orders. The result is increased productivity and effectiveness.

In addition, the dashboard in SAP Business ByDesign for the iPad not only gives users quick and easy report access, it also enables them to prepare reports and present them in an attractive way.
All companies are part of a wider ecosystem of customers, supplier, partners, financial institutions, and authorities. Achieving business goals depends on interacting and collaborating effectively with them.

SAP Business ByDesign provides a flexible framework for communication through the integration of the collaboration window or external groupware software. The integration allows for replication of tasks, contacts, and appointments between SAP Business ByDesign and the groupware software. This integration is especially valuable for sales or service representatives, who are frequently out of the office. Business partner contact data can be synchronized with groupware contacts and information, such as reports or fact sheets, to make it easily accessible.

In addition, SAP Business ByDesign offers integration of telephony and text messages with mobile devices, so that collaboration both within and outside the company is only one click away.

The solution has an innovative feature called business task management, which automates workload distribution and workflows. It helps ensure that each task reaches the responsible person(s) and is tracked to completion. Tasks that can be completed by any member of the team are simply assigned to the relevant work center.

Once an employee has picked up the task, it disappears from the work list. Tasks that require specialized training or approvals, such as vacation requests, can be assigned to a specific person. In this way, business task management enhances collaboration and efficiency across departments and between teams.

A further benefit of business task management is that it supports both the prioritization of tasks (enabling efficient workload distribution) and the tracking of task status (helping ensure that tasks are completed on time). If deadlines are endangered, an escalation mechanism first alerts the responsible user and then the responsible manager.

To track performance or pinpoint potential for improvement, SAP Business ByDesign provides data for task analysis, such as average processing time or percentage of tasks not completed within the predefined processing time.

SAP Business ByDesign offers integration of telephony and text messages with mobile devices, so that collaboration both within and outside the company is only one click away.
External Collaboration

An essential characteristic of every business’s success is collaborating effectively with its ecosystem of business partners.

Purchasing in the ecosystem is facilitated by advanced order collaboration functions in SAP Business ByDesign. Purchasers and suppliers can exchange purchasing-related documents such as quotations, purchase orders, order confirmations, advance shipping notifications, and invoices electronically, using SAP Interactive Forms software by Adobe, electronic data interchange (EDI), or XML (Extensible Markup Language).

SAP Interactive Forms and EDI/XML reduce errors in data entry and data transmission for both the purchaser and supplier. The delivery time is accelerated because forms are sent directly to the e-mail in-box or work center of the responsible administrator.

SAP Business ByDesign also enables business-to-authority collaboration with regulatory authorities or financial institutions, helping ensure smooth financial transactions and compliance across the entire value chain.
Business Innovations

Business innovations are key capabilities for managing and executing business processes at companies. This section starts by describing two overarching design principles that are major capabilities and then describes the business innovations in each application area.

The two most significant business innovations for the entire SAP Business ByDesign solution are modeled end-to-end business scenarios with multiple variants and separation of process quantities and financial valuation.
Business scenarios represent the daily business of companies. A business scenario is a set of business processes performed within or across an organization to complete an overall business objective.

With SAP Business ByDesign, we currently support 35 business scenarios that represent a possible course of action or sequence of business steps that might involve multiple departments. The business scenarios are predefined and ready to run; customers just choose which scenarios are best suited to their needs during the implementation project.

For professional service providers, the relevant business scenarios are summarized in the graphic on the following page. The primary business scenario, order-to-cash for project-based services, is highlighted. It is complemented by related business processes such as the time and expense management business scenario.

The number of business scenarios will grow over time as more industry verticals and processes are added to SAP Business ByDesign.
Solution Innovations

Business Innovations

Modeled End-to-End Business Scenarios with Multiple Variants
Separation of Process Quantities and Financial Valuation
Financials Key Innovations
Project Management Key Innovations
Customer Relationship Management Key Innovations
Human Resource Management Key Innovations
Supplier Relationship Management Key Innovations
Supply Chain Management Key Innovations

Go-to-Market Innovations

Service Innovations

Co-Innovation

Graphic: Transit Map Representation of the Order-to-Cash Business Scenario and Related End-to-End Scenarios
An integrated ERP software solution has to handle quantities and their values in an efficient yet consistent manner, since both are needed but for different internal processes. SAP Business ByDesign achieved an innovative breakthrough by separating operational logistic and financial processes from the valuation of posting documents in financial and management accounting. The most significant advantage is that logistic processes or operations do not need to consider any accounting principles or valuation standards. So, if a problem arises in financials, it will not interrupt the operational process.

To achieve this, SAP Business ByDesign provides one clearly defined and described interface into financials to enable a centralized accounting logic. Relevant functions like account determination, period locks, or currency conversions are centrally handled and configured.

Financial functions in SAP Business ByDesign follow the principle that other areas don’t have to have any information or knowledge about the underlying accounting system in order to work. Accounting has the central task to receive data from transactional, nonvaluated business processes of the execution processes and to record them in compliance with the requirements of an accounting system.

Logistic processes or operations do not need to consider any accounting principles or valuation standards. So, if a problem arises in the financial area, it will not interrupt the operational process.

The key advantages of this business architecture for SAP Business ByDesign and other solutions based on it are as follows.

First, there is a single unified accounting interface with central valuation functionality and account determination, resulting in increased transparency and the ability to adapt to rapidly changing accounting and legal requirements.

Second, the separation of business processes and valuation allows for the flexible integration of any external or legacy logistics and operational finance components, which don’t need to have any knowledge of the requirements imposed by an accounting system.

Finally, the business architecture supports maximum flexibility of deployment and lean configuration.
The diversity and number of today’s reporting regulations mean that companies need to produce financials figures faster and more frequently – which requires efficient and legally compliant financial processes. The finance function in SAP Business ByDesign supports companies by providing converged accounting data that not only supports regulations such as the International Financial Reporting Standard (IFRS) and the International Accounting Standard (IAS), but also facilitates management decision making. The most prominent innovations in the financial are:

### Cash Flow Management

For companies to survive, positive cash flow is essential. SAP Business ByDesign provides sophisticated and automated financial processes that enable organizations to minimize the risk of nonpayment and reduce days sales outstanding, which leads to accelerated and transparent payment.

In addition, close monitoring of liquidity status and liquidity forecasts helps companies safeguard liquidity and avoid critical situations.

### Multi-GAAP Accounting

International accounting information requirements have increased dramatically, and companies need to comply with various reporting regulations. In SAP Business ByDesign, the separation of operational and accounting functions allows for parallel accounting. The operational process has top priority, and the posting within the finance function – as a representation – follows the process. For example, an open item will result in a single payment, even though it may have been valued in several different ways to comply with different reporting regulations – with no effect on operational processes.

### Unified Financial Management Accounting

The trend toward merged management and accounting figures has created a need for converged accounting data. This data meets regulations such as those of IAS and IFRS, as well as facilitating more informed decision making.

SAP Business ByDesign addresses this trend by providing an accounting system that is streamlined, multipurpose, and multidimensional (for example, profit and cost center), as well as integrated.
No Reconciliation Effort Within Accounting, All Subledgers Are Reconciled by the Solution

All business transactions are recorded according to a so-called one document principle. Each accounting relevant posting results in one accounting document that tends the general ledger as well as all corresponding subledgers, helping ensure that these – including controlling – are always inherently reconciled.

Based on the one document principle, SAP Business ByDesign provides a complete and direct audit trail from financial statements to the individual documents.

Furthermore, consistent and binding structures for accounts, periods, and currencies eliminate the need for special ledgers.

Fast Close

Closing is a time-critical process that involves a number of people in a company and is, therefore, highly interdependent. Companies need to deal with tougher external and corporate requirements and complex legal requirements.

As an integrated system, SAP Business ByDesign provides the financial processes with real-time, reconciled date, from individual operational functions. The solution facilitates a fast close by providing a readily available, up-to-date, and comprehensive overview of the period-end closing process.

All closing relevant tasks are available via one central closing cockpit, showing the actual status for each single task.

Through automated processes and supportive collaboration, SAP Business ByDesign enables the user to plan, monitor, and optimize relevant activities. Well in advance, users can define closing tasks and their sequence, thereby aiding compliance and minimizing the risk of omitting or mistiming important closing steps. Because of the solution’s parallel accounting functionality, users can also create financial statements that quickly draw upon each of the required representations.

By applying fast close principles that speed up the closing process, accountants gain more time for analysis by moving, reducing, or eliminating the non-value-adding procedures inherent in the closing process. Consequently, financial statements are more accurate and issued in a more timely fashion.

All closing tasks are available via the central closing cockpit.
Today, the market for project management solutions is dominated by Microsoft Project and best-of-breed solutions. Many projects are even planned, calculated, executed, and maintained in spreadsheet software, such as Microsoft Excel. Microsoft Office solutions as well as the existing best-of-breed solutions offer only limited (if any) integration of project management processes with other business processes, such as sales or accounting processes. The most prominent innovations in the project management features of SAP Business ByDesign are:

**Management of Projects of All Types and Scopes**

SAP Business ByDesign covers the complete project lifecycle for projects of all types and scopes. Projects may act as pure collectors of overhead costs for detailed cost reporting or executed to serve specific market segments. Projects may be managed on behalf of single customers or performed to sell services to multiple customers. To allow aggregated reporting, multiple projects can be bundled into programs.

**Interactive Project Planning**

SAP Business ByDesign offers various graphical planning views to allow the project manager to plan projects of all sizes. Gantt charts, work breakdown structures, and network diagrams offer intuitive drag-and-drop editing functionality to create and edit project phases, milestones, and tasks, to plan the project flow by adding dependencies, and to use forward and backward scheduling to help ensure that project deadlines are met within given time constraints.

**Integrated Project Staffing and Procurement**

The project management features of SAP Business ByDesign are fully integrated into human resources and supplier relationship management. This allows the project manager to search for team members with the best-fitting skill sets, whether they are internal employees, employees of a partner company, or even external service agents. The project manager can use the integrated availability calendar before requesting the services of an employee or can order the services of an external service agent directly from the project.
Integrated Self-Services Supporting the Project Team

SAP Business ByDesign includes a dedicated work center that supports the project team with all the information and self-services it needs to fulfill its tasks. Every project team member finds all assigned tasks or responsibilities in one place from where he or she has access to detailed information, checklists, and a shared document center to foster project collaboration. From the project team work center, a team member has access to the employee time sheet, to confirm the time worked on the project, and to expense recording to enter the travel expenses.

End-to-End Process for Project Sales

The project management features are tightly integrated into customer relationship management and support professional service organizations throughout the entire value chain. This includes marketing and opportunity management, the creation of projects directly from sales orders, and project invoicing. The financial closing processes are supported by automatic revenue recognition and offer various accrual methods for fixed-price or time-and-material projects.

Integrated Financial and Management Accounting

SAP Business ByDesign Project fully integrates project planning and execution with financial and management accounting, so that project managers and financial analysts easily achieve more transparency on project progress and profitability. For example, while planning a project, a project manager is automatically provided with project cost estimates – without having to calculate cost rates for resources or people. Due to the tight integration with time administration, reimbursement management, supplier invoicing, and customer invoicing, all costs and revenues are directly available in project reporting.
## Customer Relationship Management Key Innovations

In a climate of strong competition, globalization, changing customer requirements, and new communication and transaction channels, companies need to both retain existing customers and expand the customer base. The most prominent innovations in customer relationship management are:

### One Office – Integrated CRM

Customer relationship management functions in SAP Business ByDesign support the entire customer lifecycle from initial contact to delivery and invoicing. Front-office activities like marketing and new business and back-office processes like delivery of products and services are no longer fragmented.

All processes rely on a central set of master data and a shared organizational setup. End-to-end processes are optimized for different industries like professional services (such as selling, execution, and invoicing of managed services or projects) and distribution (such as selling, delivery and invoicing of products).

### Help Ensure Profitability – Powerful Analysis and Quick Decision Making

Marketing, sales, and service managers need visibility to ensure that growth is profitable.

To increase the insight into key figures such as sales forecasts, sales targets, or profitability, SAP Business ByDesign offers a special work center with tailor-made reports and workflows for all managers.

The role-specific content, like sales pipeline analysis, service KPIs, or sales planning sheets, gives managers enhanced insight through drill-down capabilities. In addition, powerful analysis empowers them to make approvals and decisions faster, based on consistent and comparable data from all areas.

### Stay Customer-Centric – Customer Insight at a Glance

While focusing on better integration of marketing, sales, and service processes, companies still need to keep their focus on their customers. Getting the right information about the customers at the right place and time is essential. To support this SAP Business ByDesign offers a 360-degree view of all customer activities and business documents related to accounts and contacts, including financial data and reports. The fact sheets and reports are actionable to enable the user to access the relevant business documents with just one click. SAP Business ByDesign also offers the ability to drill down into all relevant documents across the entire value chain with just one click, via the graphical document flow.
Customer interactions within marketing, sales, and service take many forms. Not only do the customer relationship management features profit from the multichannel communication possibilities of SAP Business ByDesign, such as Outlook synchronization, but they also take full advantage of the mobile functionality described earlier.

Finally, e-commerce functions can be fully integrated into SAP Business ByDesign. This not only enables the creation of sales orders in the solution directly from a partner Web shop, it also allows for central availability checks, customer-specific pricing, and the exchange of customer and product master data.
Businesses must contend with demanding business processes and regulatory requirements, while still providing high-quality and cost-efficient human resource (HR) services. SAP Business ByDesign supports the core HR functions while leveraging the integration into value-adding processes such as employee utilization or project activity tracking. The most prominent innovations in the human resources area are:

**Separation of Concerns**

Time and labor management, personnel administration, compensation, and payroll are separate process components with clearly defined tasks and responsibilities. The integration between these components is completely message-based (“loose coupling”), allowing a flexible deployment. Complex processes like the hiring process can now be separated in phases that are handled by different areas (such as administrative data, time management data, and compensation data).

**Reduced Complexity for User and Authorization Management**

Unified concepts in data handling and customizing reduce the implementation time and decrease maintenance efforts. User and authorization management are well integrated into the human resources and organizational management functions.

The assignment of an employee to an organizational group in the company largely determines the data the individual is allowed to access within SAP Business ByDesign.

**Embedded Support for Payroll Outsourcing**

Payroll is offered in a business process outsourcing (BPO) model with a predefined interface, a certification process for outsourcing providers, and a communication control center, helping companies to overcome the necessity to have payroll knowledge and deal with regular changes.
Unified Concept and Data for People
Employee data is collected and stored for different purposes in SAP Business ByDesign. In order to optimally reuse data in different business processes, there is a clear separation between data related to the employee (name, address, and so forth), data related to employment (current job, organizational unit) and data related to the work agreement. While data related to the employment and the work agreement is only used within HR, data related to the employee as a person can be reused in different processes, such as in customer relationship management or in supply chain management.

Unified Workforce Data Is Loosely Coupled
Unified workforce data is embedded in business processes such as project management, financial planning, and manufacturing. Employee time data can be allocated to service orders, production orders, and maintenance orders. HR integrates with financials and outsourced payroll providers through business processes for payroll and financial accounting. The required integration is message-based and loosely coupled, providing maximum flexibility.
Supplier Relationship Management

Key Innovations

The most prominent supplier relationship management innovations in SAP Business ByDesign concentrate on automating time-consuming routine processes, collaboration with internal and external partners, monitoring all operational and strategic purchasing processes, and optimizing the work environment of the buyers to enable them to fulfill all their duties in the most efficient way.

Automate

Managed, automated processes such as assignment of the best source of supply, purchase order creation, or posting of goods issued and goods receipt in the third-party order processing system can increase purchasing efficiency and enable the buyer to concentrate on strategic tasks like vendor talks or contract negotiation.

Moreover, every employee in the purchasing department is empowered with exception-based decision support that highlights critical problems, so they can be resolved quickly.

Collaborate

Manual work in the accounts payable department is reduced with a scanning solution for incoming supplier invoices that verifies and posts them automatically. In addition, evaluated receipt settlement replaces a time-consuming manual invoice verification process with a completely system-driven process.

SAP Business ByDesign boosts internal and external collaboration by offering advanced communication technologies, such as interactive purchase order forms that a supplier can use for instantaneous purchase order acknowledgments, or XML communication that transmits purchasing documents immediately to bidders or suppliers. In addition, SAP Business ByDesign customers benefit from a streamlined supplier invoice verification process supported by a collaborative exception handling concept that delivers cash benefits. Purchasing prices can be reduced as soon as the customer deploys collaborative request for quotation scenarios. With self-service procurement, collaboration is fostered by using supplier catalogs hosted and provided by the supplier and involving no internal maintenance efforts at all.
Monitor

SAP Business ByDesign improves purchasing performance and its visibility through the integration of compelling analysis functionality for operational and strategic purchasing. Manager dashboards and system-supported KPI monitoring help managers keep procurement on track. In addition, strategic buyers can, at the push of a single button, identify maverick spend generated outside the purchasing department and monitor contract usage. The system also monitors contract expiry dates automatically and triggers renegotiations in good time.

Optimize

SAP Business ByDesign offers work centers tailored to the needs of each user. In addition, personal productivity is significantly increased by offering self-services for all employees, such as self-service procurement, including cross-catalog search and use of internal and external catalogs, relieving the buyer from routine and time-consuming operational purchasing tasks as a result.
Making and delivering products in a globalized market environment is about customer responsiveness, reliability, and cost control as margins are under constant pressure. Businesses are transforming their supply chains from linear and sequential processes into flexible and dynamic interactions in a supply network with seamless collaboration of internal and external business partners. 

The most prominent innovations in supply chain management are:

**Tight Integration Between Planning and Execution**
Supply chain management in SAP Business ByDesign offers firm integration between supply chain planning and supply chain execution. As a result, there is a tight link between planning execution and fulfillment. Powerful analysis tools provide real-time transparency into the supply chain, allowing customers to react immediately to events.

**Distributed Process Execution**
SAP Business ByDesign provides a rich set of options to distribute the individual steps of end-to-end business processes among all the involved business partners.

An example is outsourced logistics, where the physical storage of goods is given to a service provider while full process control and information stays with the company using SAP Business ByDesign. The new role of a supply chain coordinator increases employee productivity, offering both a holistic view of supply and demand allocation and an enhanced insight into the entire supply chain.

**Optimized Planning**
Optimized planning functionality helps ensure that corporate and sales planning form the basis for strategic demand planning and forecasting. This is the basis for supply planning and the alignment of all company goals. Business-driven exception handling frees up time for employees to concentrate on bottlenecks or business-critical issues without wasting time on routine tasks.
Closed-Loop Quality Assurance – Visibility and Risk Reduction over the Entire Value Chain

The quality assurance features in SAP Business ByDesign provide end-to-end functionality that helps customers to engineer quality into the design of their products and processes, and then track this quality through procurement and production, and into the warehouse.

Any required documents, such as quality assurance agreements, specifications, graphical instructions, or inspection results, are integrated into the end-to-end processes that foster collaboration not only across departments but also with business partners outside company boundaries. This real-time transparency allows employees and business partners to contribute to enhancing quality and ensuring compliance in today’s environment of ever-changing legal requirements and industry standards, along with ever-increasing customer expectations.
New Ways to Sell and Buy

As well as being innovative from a business and solution point of view, SAP Business ByDesign also has a number of go-to-market innovations.

Cloud Computing

Cloud computing represents a paradigm shift in the way applications and IT services are developed, sold, deployed, maintained, and consumed.

By developing SAP Business ByDesign as a native cloud application, SAP is providing an ERP solution that enables midsize and large companies, and their subsidiaries, to run their entire business with a single, cloud-based application for the first time. Providing a cloud solution also addresses one of the key needs of all companies — delivering rapid and secure return on investment at affordable cost.

Customers buy SAP Business ByDesign using a subscription model based on the number of users. Importantly, the SAP Business ByDesign pricing structure differentiates between three levels of user, based on the amount of functionality they use. So the cost for a user that only uses the self-service facilities is much lower than an accountant who uses all the finance functions, for example.

The big advantage is that the costs are predictable and known up-front, something that appeals to all companies.

As we have seen, the ease of configuring SAP Business ByDesign reduces the time and cost of implementing it significantly.

Making it a cloud solution reduces both even more, because customers have no up-front IT capital investments, and SAP sets up the application for them. All they have to do is configure it.

In addition, customers gain the benefits of being able to start small and expand once value is proven. They have instant access to the latest software without intensive upgrade procedures, and they don’t need an expensive IT staff to deploy, operate, and upgrade systems.
New Ways to Sell and Buy, Cont.

Service Provision

Companies quite rightly have concerns regarding the quality of service they will receive with cloud software. Trust in the provider they have chosen is paramount. SAP is investing in its operations to continually improve its offerings, including the embedded in-memory and cloud innovations, reliability, and scalability, with global data centers.

SAP is also at the forefront of addressing the two biggest concerns customers typically have when considering cloud solutions – security and business continuity.

Security

SAP has built its data centers to the highest compliance and security standards. The data centers that support SAP Business ByDesign incorporate multiple safeguards for physical data security and integrity.

SAP has been audited according to the highest standards – SAS70 and ISAE3402 (ISO27001) – and holds the relevant accreditations.

The current data centers located near SAP headquarters in Germany and in Pennsylvania (USA) are manned 24×7, 365 days a year. A biometrics security system restricts access to authorized personnel, and the data centers are partitioned so authorized personnel can access only their designated areas.

In the SAP data centers, business data is stored securely. Users who want to access the business data must authenticate themselves, and their identity has to be verified using identity and access management (IAM). Customer data always belongs to the customer. Industry best practices and state-of-the-art open cryptographic standards secure and protect the communication between a customer’s device and the system landscape in the SAP data center.

Business Continuity

SAP data centers, also provide high availability of the customer’s business data using redundant networks and power systems. For data backup and recovery purposes, a redundant hardware storage system performs regular backups.

Customers share physical hardware, but their data is separated into tenants. So, to provide enhanced data integrity, SAP Business ByDesign uses an advanced database management solution to securely isolate each customer’s business information in its own database instance.
New Ways to Sell and Buy, Cont.

Start with Critical Needs First

To make it easy to phase implementation, SAP Business ByDesign enables scoping that fits the business need. The resultant packages are predefined, focused subsets of the full SAP Business ByDesign solution and are designed to provide a compelling, cost-effective, and rapidly implemented starting point for incrementally adopting the full solution.

The packages enable companies to address specific functional requirements and key business challenges immediately, while laying the foundation for adding more functionality later. They include product functionality and go-live services provided by SAP experts, offered as a fixed-price, fixed-scope project. SAP currently offers or will soon offer the following starter packs: customer relationship management, enterprise resource planning, professional services, sales and distribution units, and warehouse/distribution.

Globalization

In order to address global markets SAP Business ByDesign comes ready to address local language, local currency, and country finance and business practices.

In addition, to help companies operating across countries, particularly in Europe, the solution’s design allows for multiple companies in multiple countries with multiple sets of books to be in the same system at the same time.

Currently SAP Business ByDesign is available in Australia, Austria, Canada, China, Denmark, France, Germany, India, Italy, Japan, Mexico, Netherlands, New Zealand, Singapore, South Africa, Spain, Switzerland, the United Kingdom, and the United States. SAP Business ByDesign has also been localized for customer specific use via the localization kit for Albania, Algeria, Bahrain, Belarus, Bosnia, Bulgaria, Chile, Colombia, Costa Rica, Croatia, Czech Republic, Ecuador, El Salvador, Guatemala, Guinea, Honduras, Kazakhstan, Kuwait, Lebanon, Montenegro, Morocco, Oman, Panama, Peru, Poland, Qatar, Romania, Serbia, Slovenia, Sweden, and Ukraine.
New Ways to Sell and Buy, Cont.

Large Enterprise Subsidiaries

Large companies find it difficult to integrate subsidiaries into their corporate systems. It’s often not feasible to extend their corporate ERP systems out to them, but they want to ensure standards and governance, they need to integrate data for financial reporting purposes, and they want to improve operational efficiency across the company. At the same time the subsidiaries need business software and are often dynamic and growing.

SAP Business ByDesign provides both parties with what they need. Subsidiaries get the integrated business software they require, and HQ is able to maintain standards and governance. SAP Business ByDesign is currently integrated with the SAP Business Suite in the following areas: financial consolidation preparation, procure-to-pay integration with SAP ERP, basic master data integration with SAP ERP, HR integration with SAP ERP, and integration to corporate analytics with the SAP BusinessObjects™ Business Intelligence platform.
New Ways to Go Live, Train, and Support

Next-generation software, delivered through the cloud, demands new thinking about how to assist deployment, train users, and support them.

**Services for Going Live**

To accompany SAP Business ByDesign, SAP has developed services for going live to help customers get up and running as quickly as possible.

Customers can choose the assistance service, where they manage the majority of tasks and phases involved in going live internally, with the assistance of a trusted SAP advisor, or they can take advantage of the execution service, where SAP manages the key deployment activities. In both cases, they benefit from a fixed price and a clear and predictable path to going live that minimizes risks and time to value.

**Training**

SAP Business ByDesign has built-in learning that eliminates the need for classroom training. A short introduction demo is enough to help users with basic navigation principles. Role-based learning accelerates time to productivity, because short demos enable users to become acquainted with their work centers, their views, and related tasks within one hour.

Users can put together their own training plans in the learning center. A personal knowledge scorecard helps them track their progress. The help center offers extensive support functions and provides customers and partners with knowledge, methods, functions, and best practices to efficiently adapt and create their own knowledge content (such as FAQs, demonstrations, learning modules, and internal documents).

Users can also upload their own learning and help content to supplement the built-in learning and help provided by SAP Business ByDesign.
## New Ways to Go Live, Train, and Support, Cont.

### Support

Proactive support is an integral part of SAP Business ByDesign software. In the past, companies hired consultants or looked up patches on the software provider’s Web site. Now, there’s no need for IT departments to go out looking for information on patches or upgrades, because the SAP Business ByDesign solution provides the information directly in the solution.

Alert management, a key support feature for SAP Business ByDesign, enables enterprises to avoid critical situations and solve problems before end users – and business efficiency – are affected.

Information on configuration settings (collected during implementation) is fed into the support system and enhanced by information collected during operations, when changes and adaptations to the software are also recorded.

A live link (active 24 hours a day, 7 days a week) enables SAP to know the exact state of the configuration, as well as other contextual information, so that health checks can be run automatically. SAP provides continuous updates to support legal changes, so the solutions are always kept up to date.

Just as it is easy for enterprises to get support from SAP and partners, it is easy for users to get support within their own organization from the IT specialist. A support inquiry submitted from anywhere in the solution automatically contains the relevant contextual information needed by the expert to analyze the problem. There are wizards to help key users to evaluate the inquiry, as well as several service desk functions, including a solutions database.

### Feedback: ideasByDesign

With just a few clicks, our customers and partners are able to communicate their requirements for SAP Business ByDesign to SAP, using Web 2.0 concepts. ideasByDesign offers a platform to post new ideas and vote or comment on existing ones. Solution experts moderate the topics, ask further questions to the author if needed, and monitor which ideas bubble to the top.

The most popular ones are of high priority for the product backlog – but ideas might also be potential candidates for partner add-on developments. This new way of collecting feedback brings SAP development closer to the market needs and promotes excellent collaboration within the SAP Business ByDesign community.
New Ways to Work Together

SAP Business ByDesign is heralding the dawn of a new era of individualization. SAP has designed a software solution that is inherently customizable to specific company needs without modification or programming. Enhancements can be provided by our partners as add-ons to the solution, using discrete parcels of functionality that integrate and individualize SAP Business ByDesign. In much the same way as iPhone users can add specific functionality to their phones by downloading from the Apple App Store, today, customers can access partner solutions through the SAP Store.

Trusted Advisors

Traditional partner roles in the SAP ecosystem take on a different meaning with SAP Business ByDesign. Partners are vital to the success of SAP Business ByDesign because they provide SAP with reach into markets, pipelines, business best practices, and industries not easily accessible otherwise.

Companies large and small place great trust in their solution partners and are often wary to tread waters unknown to them. Encouraging partners to deliver specialized enhancements for SAP Business ByDesign provides customers with the best of both worlds: being able to take advantage of the SAP Business ByDesign solution while working with a partner they trust.

In much the same way as iPhone users can add specific functionality to their phones by downloading from the Apple App Store, today customers can access partner solutions through the SAP Store.
New Ways to Work Together, Cont.

**Partner Development Environment for SAP Business ByDesign**

With the new SAP Cloud Applications Studio software, partners can develop add-on applications, as well as customize and adapt the applications within SAP Business ByDesign to their particular markets.

As a result, partners can take advantage of a new revenue model, in which they can obtain subscription revenue for their portion of SAP Business ByDesign and are fully integrated into the SAP support processes, with SAP providing first-level support.

There are essentially three aspects necessary for partners to add new business functionality to the SAP Business ByDesign solution. The first is the SAP Cloud Applications Studio software itself. Secondly, a library of Web services needs to be published, which exposes SAP Business ByDesign functionality to the outside world – this is the so-called public solution model (PSM). Finally, lifecycle management functionality is required for the new add-on solutions. This last point is accomplished through the SAP Store.

Unlike many of our competitors, SAP provides a PSM, a set of services that defines the interfaces and interactions between partners or customer-developed add-ons and the SAP Business ByDesign solution.

Included in the PSM are a comprehensive set of shared global data types, the same ones used in SAP Business ByDesign.

Through standard APIs, direct access is provided to the SAP Business ByDesign business objects in the PSM. This means that partner- or customer-developed add-ons can make use of the same business objects and corresponding processes used in SAP Business ByDesign.

**SAP Store**

The SAP commercial platform (including the SAP Store) is the unified e-commerce and Web-channel platform for SAP – designed and developed as part of our cloud program. Partners can publish their solutions to the SAP Store. Both customers and partners can see which add-on solutions are available there.

Customers can buy the add-on solution from the store and have it automatically deployed into their SAP Business ByDesign solution. They only need to activate the new add-on in their own system.

The self-service process being used here is similar to other Internet-based stores like iTunes.
Introduction: Market Trends and Challenges

Management has to make strategic decisions to assure the survival of a company, and must rely on the most accurate and the most current information coming from all business processes and business areas to make such decisions.

The ability to know exactly where the business is at any time – in relation to its strategic goals, sales forecasts, inventory levels, and production capacity, as well as its overall financial health – is a key differentiator. The competitive advantage lies in speed and reliability.

SAP Business ByDesign provides key functionalities to analyze a company’s data, giving managers the necessary tools to make sound decisions, leading to increased revenue, maximized customer profitability, and reduced operating costs. Management dashboards deliver real-time, customized analytics and allow managers to accurately track the most important aspects of their business.

But we know the challenge. The daily schedule of managers is a relentless stream of meetings, customer and employee interactions, telephone conferences, and travel, as well as preparation for the same, leaving little time to work in a business system.
This is why SAP Business ByDesign follows the “management by exception” paradigm: managers are automatically informed about critical situations, giving them more time to concentrate on strategic tasks. Exceptional situations are highlighted, alerts triggered by predefined thresholds are directly delivered, escalations, and approvals are immediately visible, not only on a desktop client, but also on several mobile devices such as the BlackBerry, iPhone, iPad, and others. As a result, managers can immediately identify and respond to issues and opportunities or meet new business requirements with minimal time and effort.

SAP Business ByDesign uses alerts to focus the manager’s attention on issues requiring immediate attention, while providing reports to assess progress on long-term or strategic goals – so that managers get the most out of SAP Business ByDesign while spending the least amount of time doing so. This way, managers do not have to spend time on evaluating the company’s health status – the solution “pushes” the relevant decision making KPIs directly to their work center. This innovative push principle is triggered by built-in mechanisms that constantly perform predefined and adoptable health checks in the background.

SAP Business ByDesign empowers management with more control over the business and supports better decision making. With the SAP Business ByDesign solution, managers get the information they need to run their departments, while executives get an overall view of company performance.
Managing My Company

SAP Business ByDesign supports the management of people and budgets. It offers a tailor-made working environment for top managers as well as business area managers.

For all managers, SAP Business ByDesign delivers:

- Predefined content based on best business practices along a harmonized structure across all management levels
- Intuitive dashboards designed for infrequent use to support closed-loop decision making and execution
- Preprocessed and reliable information provided by trusted advisors to help ensure quick and efficient decision making.

In order to get the work done, managers can take action by themselves or – using the push principle – advise staff to perform certain tasks, and they can do it directly in the current business context without having the need for gathering additional information. Everything needed to take the decision has been collected and attached to the task by the system.
Managing My Company, Cont.

Corporate Performance

Corporate performance provides a shared view of information that executives need in order to collaboratively manage their organization. An end-to-end perspective on business and operational performance is presented in a dashboard-style layout. The emphasis is on pushing highly relevant and exception-based content to attract the executive’s attention. It is anticipated that the content will be mostly prepared by assistants or specialists, such as key user analytics.

To help manage corporate performance SAP Business ByDesign delivers an executive summary "all-on-one-page." This page is the single shared access point for executives to get the most important information about their company. For more information about the actual performance, SAP Business ByDesign provides key performance indicators (KPIs) that measure performance against the objectives of the company (actual achievements, time series), and a holistic view of important business topics from a corporate perspective. Dashboards allow selected business topics to be analyzed in an intuitive and attractive way.

In this way SAP Business ByDesign gives top management a quick overview of the most important figures they need. Corporate executives have a concise and up-to-the-minute picture of their enterprise with the KPIs they personally choose to manage it.

Managing Business Areas and Managing People and Budgets

Business area managers, such as heads of sales, production, or procurement, use SAP Business ByDesign to:

- Measure their performance against a set of key KPIs including deadlines or external benchmarks
- Perform all operative business tasks, including reviewing, analyzing, making decisions, and approving activities
- Determine responsibilities for specific processes within daily operations
- Identify bottlenecks and trigger follow-up activities where appropriate
- Plan and forecast activities from beginning to end: initiate, monitor, and track plans and due dates
- View detailed employee information, such as skills, qualifications, availability, and performance
- Plan staffing and assignments inside and outside of the department, including permanent transfers
- Approve time off, travel expenses, and purchases
- Plan and monitor budgets, as well as directly access budget-related information in cost and profit centers
- Plan and change compensation
- Track status of projects in their area of responsibility.
Corporate Compliance

Corporate activity is governed by national and local laws and statutes that place a range of obligations on every enterprise and its employees throughout the world. For example, in the United States, Sarbanes-Oxley section 409 requires enterprises to rapidly and currently disclose material changes. This necessitates closing the financial books in a timely manner in order to issue such disclosures that can protect investors.

Additional requirements within Sarbanes-Oxley focus on the accuracy of financial statements and the reliance on the internal control environment.

Managing the variety of compliance regulations in organizations requires an integrated set of concepts. Cornerstones for compliance in SAP Business ByDesign are business process transparency and internal controls. There are compelling technologies that support the enforcement of compliance-related requirements like identity and access management, authorizations handling, business task management, status and action management, information lifecycle management, electronic records, tracking and tracing functionality, audit trails, and alerting.

Application-specific functionality in SAP Business ByDesign, such as a parallel set of books, credit management in financial accounting, social insurance, and payroll tax in human capital management, helps you to achieve compliance.

Composite applications provide a holistic and integrated compliance approach.

The finance functions in SAP Business ByDesign enable companies to meet the country-specific regulatory requirements. They provide a fast close, as well as a transparent audit trail, which presents data from various sources including top-level aggregated figures (for example, general ledger account totals), valued single items (from financial accounting documents), and the original data for a given process (from source documents).

With the changes to capital adequacy requirements from the Basel Committee on Banking Supervision (Basel II) the capital markets and legislators now require more transparency and speed in financial reporting. The embedded analytics in SAP Business ByDesign provide the necessary reporting framework.

SAP Business ByDesign supports both generic compliance requirements as well as country-specific requirements.

Generic compliance requirements for a constantly growing number of countries include: general accounting software principles, generally accepted accounting principles (GAAP), various forms of tax (such as VAT, payroll tax), data privacy protection, Intrastat and the Sarbanes-Oxley Act, as well as the requirements for companies resulting from Basel II.
Corporate Compliance, Cont.

Country-specific compliance functionality offers optimal support for different country versions (for example, tax and social insurance requirements, specific payment formats, reports, and the like).

SAP Business ByDesign was conceived as a solution that supports users with their compliance needs. Built-in functionality to support each country’s accounting principles is an example of this concept, as are all of the aforementioned examples.

Executive management can concentrate on the strategic needs of the company instead of worrying about the tactical problems within an accounting support system. SAP Business ByDesign is already certified according to the regulations of several countries, and others will follow.

**Germany**
- PS 880 certification of FP 2.6, May 2011 by Deloitte
- PS 880 certification of FP 2.5, November 2010 by Deloitte
- PS 880 certification of FP 2.0, November 2010 by Ernst & Young

**France**
- Certification of FP 2.5, December 2010 by Infocert

**UK**
- Certification of FP 2.0, November 2009 by ICAEW (The Institute of Chartered Accountants)

**India**
- Recommendation workshop regarding FP 2.0 was held successfully in December 2009 by PriceWaterhouseCoopers
Introduction: Market Trends and Challenges

The diversity and number of today’s reporting regulations mean that companies need to produce financial figures faster and more frequently. As a result, enterprises need smooth, efficient, and reliable financial operations as well as integrated and just-in-time financial reporting. They must also contend with a variety of external financial requirements. Comprehensive, up-to-date accounting data and transparent financial reporting are prerequisites to ensuring compliance with country-specific, as well as international, regulations.

The key financial capabilities supported by SAP Business ByDesign are:

- Working capital optimization
- Multi-GAAP accounting
- Unified financial and management accounting
- No reconciliation effort within accounting
- Enhanced transparency
- Separation of responsibilities

The comprehensive set of financial processes in SAP Business ByDesign supports companies by providing converged accounting data that not only helps them comply with regulations like the International Financial Reporting Standard (IFRS) and the International Accounting Standard (IAS), but also facilitates management decision making. The result is a streamlined, multipurpose, multidimensional, and integrated accounting system.
Cash Flow Management

For companies to survive, positive cash flow is essential. SAP Business ByDesign provides sophisticated and automated financial processes that enable organizations to minimize the risk of nonpayment and reduce days sales outstanding, which leads to accelerated and transparent payment.

In addition, close monitoring of liquidity status and liquidity forecasts helps companies safeguard liquidity and avoid critical situations.

Multi-GAAP Accounting

International accounting information requirements have increased dramatically, and companies need to comply with various reporting regulations. In SAP Business ByDesign, the separation of operational and accounting functions makes ample provision for parallel accounting.

The operational process has top priority, and the posting within the financial application of SAP Business ByDesign – as a representation – follows the process. For example, an open item will result in a single payment, even though it may have been valued in several different ways to comply with different reporting regulations.

Unified Financial and Management Accounting

The trend toward merged management and accounting figures has created a need for converged accounting data. This data supports regulations such as those of IAS and IFRS, as well as facilitates informed decision making.

SAP Business ByDesign addresses this trend by providing an accounting system which is streamlined, multipurpose, and multidimensional (for example, profit and cost center), as well as integrated.

SAP Business ByDesign provides sophisticated and automated financial processes that enable organizations to minimize the risk of nonpayment and reduce days sales outstanding.
No Reconciliation Effort Within Accounting

All business transactions in SAP Business ByDesign are recorded according to a so-called one document principle. Each accounting-relevant posting results in one accounting document that ensures the general ledger, as well as all corresponding sub-ledgers, are inherently reconciled. Companies benefit because they have far less redundant data and no longer need to reconcile data between the individual application areas in accounting.

Financial reporting is based on the one document principle as well, which leads to better insight into financial data. It makes reporting much faster and delivers more comprehensive data. Furthermore, SAP Business ByDesign provides a complete and direct audit trail from financial statements to the individual documents, and consistent and binding structures for accounts, periods, and currencies eliminate the need for special ledgers.

Enhanced Transparency

Corporate activity is governed by national and local laws and statutes that place a range of obligations on every enterprise and its employees throughout the world. The capital markets and legislators require reliable, traceable, and correct reports from financials.

SAP Business ByDesign helps companies to meet country-specific regulatory requirements. It provides a transparent audit trail, which presents data from various sources including top-level aggregated figures (such as general ledger account totals), valuated single items (from financial accounting documents), and the original data for a given process (from source documents).

Each business transaction has a unique representation of its document in the system (called the source document). SAP Business ByDesign provides a clear reference between the different source documents of one common business process (document flow) and from each source document to its accounting document(s). This supports compliance requirements with transparent document flow and a clear audit trail.

Each operational process is recorded and valuated automatically as soon as an accounting-relevant change occurs. The business logic needed for the automatic financial document creation (such as account determination) is configured in one central place, making the system as transparent as possible and easy to understand.

For more information about how SAP Business ByDesign helps companies meet regulatory requirements, please see the section titled “Executive Management Support.”
Cash Flow Management, Cont.

Separation of Responsibilities

SAP Business ByDesign facilitates the separation of operational financial processes and the valuation of posting documents in financial accounting.

The most significant advantage is that operational systems do not need to consider any accounting principles or valuation standards: if a problem arises in the financial processes of the solution, it will not automatically interrupt the operational process. This also supports leaner operational systems, as it requires less data, and allows companies to utilize legacy or third-party solutions, because they can be operated independently from the financial accounting solution.

SAP Business ByDesign uses a centralized and standardized accounting logic: business logic like account determination, period locks, or currency conversions is centrally handled and configured. Functions are clearly assigned to responsibility areas, which support an independent yet integrated system environment that is intuitive and easy to use.
Cash Flow Management, Cont.

Fast Close

Closing is a time-critical process that involves a number of people in a company, and is therefore highly interdependent. Companies need to deal with tougher external and corporate requirements and complex legal requirements.

As an integrated system, SAP Business ByDesign provides the financial processes with real-time, reconciled data from individual operational functions. The solution facilitates a fast close by providing a readily available, up-to-date, and comprehensive overview of the period-end closing process. All closing relevant tasks are available via one central closing cockpit, showing the actual status for each single task.

Through automated processes and supportive collaboration, SAP Business ByDesign enables the user to plan, monitor, and optimize relevant activities. Well in advance, users can define closing tasks and their sequence, thereby aiding compliance and minimizing the risk of omitting or mistiming important closing steps. Because of the solution’s parallel accounting functions, users can also create financial statements that quickly draw upon each of the required representations.

By applying fast close principles that speed up the closing process, accountants gain more time for analysis by moving, reducing, or eliminating the non-value-adding procedures inherent in the closing process. Consequently, financial statements are more accurate and issued in a more timely fashion.
Cash Flow Management, Cont.

Introduction: Market Trends and Challenges

Cash Flow Management
- Payment and Liquidity Management
- Tax Management
- Expenses and Reimbursement Management

Financial and Management Accounting

Financial Planning and Analysis

Operations
One Image of the Real World

- Purchasing
- Manufacturing
- Sales
- ...

Financial Accounting
Multiple Variations

- Fixed Assets
- Inventories
- Payables
- Receivables
- Cash
- Tax
- Costs
- Revenues

Financial Performance Management
- Financial Planning
- Financial Analysis
- Variance Analysis
- Optimization and Simulation

Graphic: Overview of the Financial Functions Within SAP® Business ByDesign®
## Cash Flow Management, Cont.

### Payment and Liquidity Management

Cash flow keeps enterprises going. To safeguard their financial lifeline, enterprises must remain solvent and ensure that sufficient liquid funds are available at any given time – especially if the enterprise is expanding quickly.

Payment and liquidity management provides automated and standardized processes for all payables and receivables, which help companies optimize cash flow and liquidity by minimizing the capital tied up in current assets and the time between outgoing and incoming payments.

An overview of payables/receivables, as well as a quick overview of open tasks, are provided for the user and actively triggered by the system. Payment and dunning proposals are automatically created, so the user only needs to review and release them. Automatic clearing is facilitated using information provided electronically from the payee (for example, on the bank statement) or entered manually (for example, payment advice via phone). If a problem occurs, clearing proposals are provided, which proactively aid the user in resolving problems manually.

The solution provides an inventory of all means of payment and executes self-initiated and foreign-initiated payments via different channels (bank, check, bill of exchange, cash, and credit cards) and forms the main database for the liquidity status.

Account statements and self-initiated payments can be processed electronically, so that monetary holdings in bank accounts can be displayed accurately and immediately. All payment media such as checks, credit cards, and bills of exchange are centrally and similarly managed.

SAP Business ByDesign helps safeguard company liquidity so payment obligations can be met, and supports the capability to monitor payment flows (analyzing financial transactions and identifying and mapping future trends in financial budgeting as accurately as possible, such as liquidity forecast). It also acts as a clearing house for financials information, supporting the cash manager with daily tasks, like collecting and compiling information from a variety of internal and external sources (for example, internal sources such as sales, procurement, and human resources, and external sources such as banks and credit card providers).

In addition to online valuation of all payables and receivables transactions, SAP Business ByDesign supports the revaluation of payables and receivables. If the accounts payable/accounts receivable accountant is informed that a business partner has applied for insolvency or is bankrupt, the accountant can enter this information directly into the system; the business partner’s receivables are then marked as doubtful debts or are written off.
Cash Flow Management, Cont.

Tax Management

The tax management functions of SAP Business ByDesign cover business transactions, manual tax entries for tax-relevant transactions, and tax adjustments. Other types of tax, such as corporate income tax, employment tax, trade tax, or other types of use tax, are not considered in this area. Executing the country-specific tax returns selects the tax due items for reporting and payment for each company or tax reporting group. Tax prepayments can also be performed.

Reports support the reconciliation of the tax items in the tax register with the general ledger. The predefined standard configuration contains all country-specific tax codes and their assignment to the specific tax returns. Furthermore, large enterprise customers who use SAP Business ByDesign at their subsidiaries in countries that are not fully covered as part of the country road map, can set up taxation rules on their own as part of a pilot program.

Expenses and Reimbursement Management

SAP Business ByDesign helps companies to efficiently manage expenses and reimbursement: from expense report creation through to financial settlement. Companies can reimburse their employees faster and monitor their business expenses and adherence to policies more effectively, while efficiently processing expense reports. Simplified expense entry screens and prepopulated fields allow for easy input of expense receipts. Expense reporting on mobile devices allows users to record and approve expenses wherever they are, helping to speed up the reimbursement cycle.

The predefined standard configuration contains country-specific reimbursement rates (in compliance with country-specific travel expense acts). This standard configuration can be adapted according to the company-specific expense policy. Configurable rules help to avoid excessive spending and provide flexibility in processing. For example, depending on the settlement amount, the review or approval process can be skipped. Expense and reimbursement management is integrated tightly with human resources, employee self-services, manager work center, payment processing, and projects. The expense report triggers postings in financial accounting and starts the automatic payment process.
Financial and Management Accounting

General Ledger Management

As the “backbone” of accounting, the general ledger consolidates the data of the subledgers into an account overview – with drill-down functionality to provide detailed information. It offers a view of the company’s internal structure and can provide statements for segments and profit centers. To fulfill legal and internal reporting requirements, the general ledger provides a set of fully balanced financial statements at corporate level.

As all business transactions are recorded according to the one document principle, there is far less redundant data and no need to reconcile data between the individual application areas in accounting. There is also a complete and direct audit trail from financial statements to the individual financial documents and down to the single source document.

To comply with different financial reporting standards, SAP Business ByDesign supports parallel valuations. Accounting documents can be compiled in parallel for each set of accounting rules – allowing enterprises to easily comply with different reporting standards and avoid delta calculations. Configuration settings for the most common reporting standards are part of the predefined SAP Business ByDesign standard configuration, but can be adapted easily.

A “set of books” represents the different legal or industry-specific accounting requirements within a company for valuation and documentation purposes (different valuations are the result of different accounting standards like IAS, local GAAP, and internal controlling purposes).

The set of books is the backbone for account determination and is set up as part of the business configuration process before SAP Business ByDesign is used productively.

Financial and management accounting processes are seen as being independent of logistics and financial operations – but not vice versa. After transferring a primary process from logistics or financial operations, a document is created asynchronously in financial accounting.

All accounting-relevant business transactions from financial operations, logistics, and human capital management are posted to the financial and management accounting processes via automatic account determination and valuation for each set of books. Depending on the original business transactions, different accounting subledgers may be involved, such as inventory, assets, and so on.
Financial and Management Accounting, Cont.

All interactions and messages are managed by one accounting interface. The separation of operational processes from accounting and validation allows companies to focus on those operational processes that change accounting values, and means that users need only deal with issues within their particular area of responsibility.

A freely definable chart of accounts allows for parallel updating of the transaction chart of accounts and another chart of accounts (for example, a country-specific chart of accounts). Fiscal year variants are freely definable, and can comprise up to 999 periods. It is also possible to enter individually identifiable closing entries for each period.

One central period block is used for all postings to accounting. A high degree of automation expedites closing operations by using automatic valuations for items such as foreign currency, accrual, and balance carry forward. Postings are in local and transaction currencies, as well as other parallel currencies. The segment and profit center reporting in SAP Business ByDesign provides balancing books for organizational units below the legal entity.

Reports such as financial statements, cash-flow statements, and aging reports can be generated, which break down each account by acquisition, retirements and depreciations, and write-ups.

To prepare for consolidation, partner account information is provided and the eliminations of internal business volumes are calculated at report level in order to ease further processing. A fast close is supported by a transparent audit trail, which presents data from various sources including top-level aggregated figures (for example, general ledger account totals), valued single items (from financial accounting documents), and the original data for a given process (from source documents).

Subledgers structure high-level accounting data according to the balance sheet. Data and common functions are represented similarly and provide a more detailed view of accounts in the respective categories. The one document principle helps ensure that all subledgers and the general ledger are inherently reconciled.

A high degree of automation expedites closing operations by using automatic valuations for items such as foreign currency, accrual, and balance carry forward.
Introduction: Market Trends and Challenges

Cash Flow Management

Financial and Management Accounting

- General Ledger Management
- Fixed Asset Accounting
- Inventory Accounting
- Management Accounting
- Fast Close

Financial Planning and Analysis

Graphic: Subledgers Structure Accounting Data According to the Balance Sheet
Financial and Management Accounting, Cont.

Fixed Asset Accounting

In addition to maintaining asset master data, the fixed assets subledger in SAP Business ByDesign manages the calculation and posting of depreciation on a periodic base. Asset accounting is highly integrated with other subledgers and logistic applications. For example, when an asset is ordered, delivered, invoiced, or sold the system automatically carries out the corresponding postings in asset accounting.

When users enter a purchase order in SAP Business ByDesign they do not need to know if the purchased material has to be capitalized or be concerned with creating asset master data. Instead, an automatic notification is sent to the enterprise’s asset accountant, who can decide when to capitalize an asset. Users are only faced with questions related to their work areas – and issues they are able to answer.

Asset depreciation can be represented by calculating and posting depreciation amounts. With SAP Business ByDesign users can maintain different depreciation methods and different valuations in parallel (IAS/IFRS and local GAAPs).

With the solution’s alert-driven and exception-based handling of asset-related transactions, asset accountants can easily prioritize their daily activities, such as master data maintenance, postings, mass processing, investment handling, and reporting.

SAP Business ByDesign also tracks the lifecycle of fixed assets, providing accountants with the information they need to make well-informed decisions for managing an enterprise’s assets and investments.

Users can easily handle extraordinary events, such as enterprise reorganization and situations that entail asset transfers of previously depreciated assets according to new depreciation rules. Items requiring immediate attention are automatically forwarded to the enterprise’s asset expert. For example, if cost centers are restructured and assets must be moved from one cost center to another, a task is automatically created, informing the asset accountant that those assets must be modified due to a change in cost center assignment.
Financial and Management Accounting, Cont.

**Inventory Accounting**

Inventory accounting in SAP Business ByDesign is the subledger responsible for recording and valuating warehouse inventories, stock in transit, work in process (WIP), goods/invoice received clearing, and goods movements. In the solution every goods movement is valuated immediately, without the need for user interaction. Maintenance of the master data information needed for online valuation is highly automated.

Each goods movement is recorded and valuated automatically as soon as an accounting-relevant change occurs, regardless of whether these inventories are work in process, warehouse inventory, or goods in transit.

To accurately measure inventories owned by an enterprise, SAP Business ByDesign determines when a title has legally passed, regardless of whether the inventories are on hand or not.

Although inventory accounting is sometimes considered to be a huge undertaking, SAP Business ByDesign makes it simple, straightforward, and easy to understand. Whenever a new material is created, the person responsible for inventory valuation receives a task to maintain valuation-relevant information – for example, valuation prices and procedures (standard or moving average).

Master data maintenance is highly automated, so that the user usually only has to verify system-derived defaults.

Changes in inventory are recorded and valuated automatically, as soon as title transfer or other accounting-relevant changes occur.

For example, when a user who is responsible for warehouse inventory enters a goods movement, which updates stock quantities in warehouse management, this information is automatically transferred to inventory accounting and updates the stock accounts accordingly. Exceptions are raised to the inventory accountant only if the accounting document cannot be generated without errors – for example, because of a missing valuation price for a new material.

Process separation means that users are only confronted with problems that belong to their area of responsibility. So SAP Business ByDesign users outside of the financial department are not confronted with complex accounting problems. Valuation is always and only done in accounting. Logistics inventory quantities are simultaneously reconciled with accounting inventory values.

Consumption of materials for production posts directly to the WIP inventory (crediting warehouse inventory).
Management Accounting

The management accounting features in SAP Business ByDesign depict the profit and loss statement and explain the retained earnings in the balance sheet. Costs and revenues are compared against each other and the resulting key figures are analyzed. The solution also offers a comprehensive range of features for cost accounting (with cost centers and projects) and for sales accounting.

With SAP Business ByDesign, businesses simply scale cost accounting functions according to their needs – avoiding unnecessary complexity and enabling fast implementation as a result. For example, a simple installation might involve several cost centers as account assignment objects, with simple methods for transferring costs from one center to another.

A more complex setup might involve cost allocation on the basis of resources, with projects as additional account assignment objects. In SAP Business ByDesign it is always possible to show why and where costs have been incurred. Overhead charges allow the allocation of overhead costs to cost objects. They are assigned when direct cost allocation is neither possible nor feasible. Direct cost allocation is used with orders such as production orders or production lots (charged with inventory and production overhead), CRM service orders and projects, and CRM sales orders (charged with marketing, shipping and handling, as well as administration overhead).

SAP Business ByDesign allows companies to define their own cost objects and to configure these objects the way they need them.
Financial and Management Accounting, Cont.

**Fast Close**

Companies need to deal with tougher external and corporate requirements, complex legal requirements, and International Convergence of Capital Measurement and Capital Standards such as Basel II. Fast closing helps to optimize and accelerate the closing process by streamlining teams, processes, and technology, and providing better data quality earlier.

SAP Business ByDesign supports a fast close procedure by providing a transparent audit trail that presents data from various sources (including top-level aggregated figures, valued single items, and the original data for a given process).

Due to the tight integration, it is possible to show a real-time and comprehensive overview of the period-end closing procedure, which can be triggered on a monthly, quarterly, or annual basis with defined closing tasks and sequences.

The extensively automated closing process in SAP Business ByDesign is supported by a central control tool which decentralizes tasks in different work centers, thereby facilitating rapid response, improved user productivity, collaboration among all participants in the closing process, and reduced administration costs.

Users can define closing tasks and their sequence well in advance, thereby supporting compliance and minimizing the risk of omitting or mistiming important steps. Drill-down reports provide the user with an overview of changes and adjustments effected by the closing activities, providing a clear business overview of closing results and aiding the preparation of audit-relevant information. Users have an up-to-date, readily available, comprehensive overview of the closing status, which promotes transparency.

A closing task can occur as a procedure that runs automatically, a manual procedure, a reminder, or as a milestone with functions for checking and correcting. The closing work center provides an overview for monitoring finished and outstanding tasks and for starting various closing programs, such as foreign currency valuation.
### Financial Planning and Analysis

#### Profitability Analysis

Whether in marketing (customer acquisition, portfolio, campaign profitability), sales (pricing, sales channels), or for management functions in general, profitability information plays a key role in decision-making processes. By transforming order, billing, and accounting data into a single unified data source as a basis for reporting, SAP Business ByDesign increases visibility and transparency in the profitability analysis.

Sales revenues, sales deductions, and cost of sales are assigned to sales orders, customer projects, or contracts. Enterprises can then use this information to report contribution margins for different accounting entities, such as company, segment, and profit center – according to their requirements.

With SAP Business ByDesign, enterprises can readily obtain and review their profitability status, using up-to-the-minute, integrated, and reconciled data, which helps ensure that the profitability statement is based on consistent data for costs of goods sold (COGS), segment reporting, and revenue recognition.

Because SAP Business ByDesign makes a distinction between operational and accounting tasks, users responsible for sales processes are relieved from accounting tasks and can focus on operational issues.

The value chain still provides the system with information about when revenues must be recognized (for example, due to contractual commitments). Information is sent to accounting on a transaction basis.

As a general rule, revenues are earned when an entity has fulfilled a product or service and is therefore entitled to compensation (revenue recognition principle).

The processes in SAP Business ByDesign recognize this principle of revenue recording based on so-called event recognition. This means that revenues are recorded simultaneously when events – such as payments, partial deliveries, or project milestones – are executed.

The accounting document serves as a single unified data source for revenue and COGS. This means that the earned profit can be established without further reconciliation in profitability, and also helps ensure that the accounting and sales departments have the same figures upon which to base their decisions.
Financial Planning and Analysis, Cont.

SAP Business ByDesign provides decision makers with a multidimensional income statement (transforming order, billing, and accounting data into “real-world” decision-oriented profitability information). It helps them understand to what extent the different market segments (such as customer, product, sales organization, and region) contribute to the overall company success. A more detailed view can be achieved by structuring all related revenue and cost components into a contribution margin scheme, which explains the influence of each revenue or cost on overall margins and profits.

The three major business views of profitability are:

- **Ordered profit**: margin reporting based on order data, which is valued with the current and released standard price to determine the cost of goods or services sold. This information is used as early warning information within the solution. It is based on sales and service documents that can be transferred directly to the profitability management functionality and transformed into a contribution margin scheme.

- **Invoiced profit**: based on billing documents and providing immediate information and profit drill downs to decision makers in sales and service. It provides margin reporting based on invoices, which are valued with current standard prices to determine the costs of goods or services sold.

- **Earned profit**: provides a complete multidimensional income statement based on earned values. Earned profit can be enhanced to provide consolidated and reliable information, delivering a complete view of the contribution margins. Midsize companies can create a simple multidimensional profit-and-loss statement, in which invoiced revenues are reflected in the earned revenues by adding recognized and accrued revenue.
Financial Planning and Analysis, Cont.

**Financial Planning**

With SAP Business ByDesign companies benefit from an integrated planning approach that allows companies to plan from financial, sales, and demand perspectives.

The integrated business planning in SAP Business ByDesign provides flexible tools and functions that support company-specific requirements throughout the planning process. The various parameters can be individually adapted to the company’s organizational structure and reporting needs.

SAP Business ByDesign supports the use of top-down and bottom-up planning methods at the same time. It also supports several planning levels: company, profit center, and cost center. One integrated financial plan per fiscal year and company comprises all planning data of the different planning levels. This enables the user to enter plan data either at the low or top level, with the system automatically doing the roll up or breakdown.

The main function of cost center planning is to define cost targets for various organizational units within the company. It is a part of the overall overhead cost planning. The planned costs for a unit should reflect sufficient resources for the fulfillment of tasks in alignment with company or unit objectives.

The major cost components addressed by cost center planning are primary costs (for example, expected depreciation, salary, energy costs) and secondary costs (internal allocations, applied surcharges).

Collaboration scenarios support integrated planning with several involved line managers.

During financial statement planning, forecasts of profit-and-loss (P&L) statements, balance sheets, and cash-flow statements are created.
Costing covers two main aspects – material and project. 

- **Product cost planning** provides a multilevel cost estimate based on logistic quantities. This includes materials and resource valuation, and overhead calculation to estimate standard prices. Standard prices provide the basis for production cost analytics, inventory accounting, and the determination of cost of goods manufactured and goods sold for semifinished and finished materials. Product cost planning provides the basis for:
  - Material cost calculation of manufactured goods for inventory valuation
  - Variance calculation for production cost analytics
  - Contribution margin accounting in profitability management

A cost estimate can be created for an individual material or for a range of semifinished and finished materials using the mass run functionality in product cost planning. From an organizational point of view, product costing can remain a central function even in decentralized logistics operations.

- **Project costing** provides better financial control due to increased transaction visibility and helps to keep projects on budget. Line managers benefit from timely, detailed cost information to monitor project performance and financial managers can keep track of total costs. Project cost estimates are based on a calculation of remaining costs and not total plan costs.

  The plan costs are defined as the sum of actual costs in accounting plus the remaining costs from the project cost estimate. In order to "freeze" these early plan costs, the "snapshot" functionality can be used, which is crucial for variance reporting. When the lifecycle status of a project changes to "closed" or "canceled," the remaining costs are always zero. These project tasks are, therefore, not relevant for costing.
Introduction: Market Trends and Challenges

Every company knows how important it is to build sustainable and successful relationships with a large and profitable customer base. In a climate of strong competition, globalization, changing customer requirements, and new communication and transaction channels, companies need to both retain existing customers and expand the customer base. However, it is not so easy to put this into practice.

Customer relationship management (CRM) is a key application, supporting the planning and execution of campaigns and processing of customer orders for sales and services, including projects. It also manages invoice processing and supports operations within and beyond corporate boundaries. As a result, companies achieve measurable and sustainable improvements due to a higher level of customer satisfaction and retention, service-level increases, better insight into customer profitability through embedded analytics, and higher employee productivity – leading to improved profit margins.

However, although CRM has a direct impact on many core operational processes, from product development to debt recovery, it is not purely a technical issue. It is not solely about software implementation, and it is not just about offering a solution in marketing, sales, or service. It is about the interactions of the entire business with customers.

SAP Business ByDesign has a comprehensive set of functions that helps companies establish best CRM practices right across their organization and build stronger, lasting relationships with their customers. It includes the following key characteristics.

One Office – Integrated CRM

The CRM functions in SAP Business ByDesign support the entire customer lifecycle from initial contact to delivery and invoicing. Front-office activities, like marketing and new business, and back-office processes, like delivery of products and services, are no longer fragmented.

All processes rely on a central set of master data and a shared organizational setup. In SAP Business ByDesign end-to-end processes are optimized for different industries like professional services (the selling, execution, and invoicing of managed services or projects) and distribution (the selling, delivery, and invoicing of products).
Introduction: Market Trends and Challenges, Cont.

Help Ensure Profitability – Powerful Analysis and Quick Decision Making

Marketing, sales, and service managers need visibility of the business to ensure that growth is profitable. To increase insight into key figures, such as sales forecasts, sales targets, and profitability, SAP Business ByDesign offers a special work center with tailor-made reports and workflows for all managers. The role-specific content, like sales pipeline analysis, service KPIs, and sales planning sheets, gives managers drill-down functions that deliver enhanced insights and the ability to conduct powerful analyses. As a result, they can give approvals and make decisions faster, based on consistent and comparable data from all areas.

Stay Customer-Centric – Customer Insight at a Glance

At the same time as they are improving the integration of marketing, sales, and service processes, companies still need to stay focused on their customers. Getting the right information to customers at the right place and time is essential. To support this SAP Business ByDesign offers a 360-degree view of all customer activities and business documents related to accounts and contacts, including financial data and reports.

The fact sheets and reports are actionable, enabling users to access the relevant business documents with just one click. They can also easily drill down into all relevant documents across the entire value chain.

Designed for Collaboration – Complete Interaction and Communication Channels

Customer interactions with marketing, sales, and service take many forms and use many channels. SAP Business ByDesign provides comprehensive multichannel communication possibilities, such as synchronization with Microsoft Outlook, as well as the ability to take full advantage of mobile functionality. In addition, e-commerce functions can be fully integrated into the solution, enabling not only the creation of sales orders in SAP Business ByDesign from a partner Web shop, but also allowing for central availability checks, customer-specific pricing, and the exchange of customer and product master data.

SAP Business ByDesign offers a 360-degree view of all customer activities and business documents related to accounts and contacts.
Marketing and Campaign Management

A key component of successful marketing is the ability to analyze the customer database to identify unique customer patterns and to attract new customers.

Through the marketing and campaign management features of SAP Business ByDesign, organizations can:

- Capture, monitor, store, and track information relating to customers, prospects, and partners to optimize contact management, account planning, market segmentation, and relationship management
- Initiate follow-up activities through campaign management and response handling
- Streamline lead and opportunity management to support the end-to-end marketing-to-opportunity business scenario
- Integrate with Microsoft Outlook to synchronize e-mails and capture campaign responses, calendar entries, business partner data, and tasks
- Use built-in analytics and reporting for the lead funnel, opportunity pipeline, and win-loss analysis
- Capture critical information about competitors and competitor products as well as maintaining relevant market information

Target Groups

SAP Business ByDesign provides flexible and sophisticated functionality for creating target groups. They can be created automatically from search criteria, reports, or transactional data, such as sales orders or opportunity lists. To this users can manually add individual contacts to create the “perfect” group for their marketing activity. Before assigning the target group to a campaign, a check can be made to help ensure all members can be contacted through a particular communication channel, for example e-mail.

As well as allowing marketing employees to assign target groups to campaigns, SAP Business ByDesign also enables them to create campaigns and select campaign types. Furthermore, activities can be created automatically out of the campaign for the account and contact history.
Marketing and Campaign Management, Cont.

Campaigns
The campaign features of SAP Business ByDesign enable sales and marketing professionals to target specific customer groups effectively. Campaigns can be assigned to sales transactions, planned, executed, and measured within the solution.

Incoming campaign responses can be captured easily, either be distributed to a marketing agency that contacts the target group members or used as an input source for a mail merge or other mailing systems.

Graphic: Segmentation of Customers

- TG1
- TG2
- TG3

The solution can also generate a Microsoft Excel file, which can
Lead and Opportunity Management

Lead and opportunity management gives sales professionals complete visibility of each prospective sale, allowing them capture, manage, and monitor the business contact and account information of potential opportunities. In addition, they can implement selling methodologies based on company best practices helping ensure, effective and consistent sales processes across their sales organization.

A lead can be created as a follow-up document to a campaign response. The lead can also be created without any preceding document or through Microsoft Excel uploads. A lead is used to qualify a customer’s interest, with the aim of establishing and subsequently influencing that interest. Generated leads can be qualified as cold, warm, and hot by the marketing department. Once a lead has reached the desired status, it can be handed over to the sales department to decide whether an opportunity or sales quote should be created.

Some business processes and industries do not use leads, so lead management is not mandatory, and organizations can start with the opportunity process.
Lead and Opportunity Management, Cont.

- Business Partner and Prospects
- Lead
- Opportunity
- Sales Quote
- Sales Order
- Analyze, Learn, Grow
- Customer
- Lead Gathering and Targeting
- Lead Qualification
- Sales Pipeline Increasing Chance of Success
- Selling, Contracting

Graphic: Lead Funnel
Lead and Opportunity Management, Cont.

In SAP Business ByDesign opportunity management is tightly integrated with the order-to-cash process. Opportunities can quickly be created from leads and the opportunity can then be rapidly converted into a sales quote or order. Organizations can also use multiple sales cycles.

Each sales cycle defines sales phases, which help to track the development of the opportunity.

The sales phases can be mapped to activities that have to be performed to ensure an opportunity will be won. The sales assistant feature helps to schedule the appropriate activities and assign them to the appropriate team members.

Sales employees can manage and capture a large variety of information within the opportunity; adding products or product categories, documents, other involved parties such as competitors and contacts, and activities within the SAP StreamWork™ application related to the opportunity.

The result of having these features is that organizations can:

- Define their own sales cycles and phases to manage opportunities more effectively
- Assign predefined sales activities to sales cycles and phases to increase the chance of success
- Track the development of the opportunities to identify areas that need attention
- Focus the sales team on the activities and competitive differentiation necessary to close deals
- Create campaigns out of opportunity lists and assign campaigns to opportunities in order to market more successfully
- Perform “what-if” analyses and report on forecast, expected, and weighted values of the pipeline to plan more efficiently
Lead and Opportunity Management, Cont.

**Sales Cycle**

1. **Phase 1: Identify Opportunity**
   - Identify opp...
   - Activity 2
   - Activity 3

2. **Phase 2: Qualify Opportunity**
   - Call contact...
   - Activity 2
   - Activity 3
   - ...

3. **Phase 3: Evaluate Opportunity**
   - Meet with...
   - Activity 2
   - Activity 3
   - ...

4. **Phase 4: Create Proposal**
   - Draft proposal...
   - Activity 2
   - Activity 3
   - ...

5. **Phase 5: Secure Agreement**
   - Present...
   - Activity 2
   - Activity 3
   - ...

6. **Phase 6: Close Opportunity**
   - Congratulate...
   - Activity 2
   - Activity 3
   - ...

The chance of success typically increases through the process

Graphic: Sales Assistant
Account and Activity Management

Account Management

The account management functionality in SAP Business ByDesign enables organizations to capture and manage an extensive amount of data related to accounts, contacts, and partners. It integrates with all CRM processes. For example, account notes are copied to sales documents and provide a 360-degree view of all customer interactions.

By establishing the relationships with other organizations, persons, contacts, or employees, SAP Business ByDesign describes the collaboration network of a customer. It also helps to improve data quality, consistency, and reliability by checking for duplicates. Careful monitoring of accounts helps to streamline the marketing, sales, and service processes, resulting in increased sales and profitability, and improved customer retention.

Activity Management

The activity management functionality allows all activities related to marketing, sales, and service processes to be optimized. It is fully integrated into all CRM business transactions and can be visualized throughout the document flow. All the activities related to an account, such as appointments, tasks, e-mails, letters, faxes, and phone calls, can be planned and documented, resulting in a complete interaction history.

With its activity management functionality, SAP Business ByDesign helps ensure that every employee of a company has the same information about a customer and, as a result, can process customer-related tasks optimally. In addition, it enables salespeople to manage and prioritize their time and activities efficiently using an activity calendar and Microsoft Outlook integration, including the exchange of accounts and contacts.
Selling Products and Services

In SAP Business ByDesign processes for selling products and services are tightly integrated with all order-to-cash business scenarios, including selling from stock, selling standardized services, selling project-based services, selling through third-party direct shipments, or selling specified products. All items can be combined in a single sales order, and each scenario incorporates specific features for processing the particular item.

All the scenarios have extensive tax and price functions, including product valuation, that allow profit margins to be calculated and identify the potential for discounting.

The profit margin also serves as an optional threshold value for sales quote or sales order approvals. Furthermore, a price history provides useful information about offered and ordered prices in the past. In addition, credit limit checks during order creation can lead to automatic delivery blocks.

Credit card processing (offered by partners) includes a credit card authorization run. Sales orders are usually derived from sales quotes, which avoid double entry of information. Sales quotes and sales orders can both be created from leads and opportunities as well. For more information about the end-to-end processes for sales quotes and orders, please see the section titled “Business Scenarios.”

Availability Checks

When products are being sold, the solution allows organizations to quickly check product availability, including planned delivery dates or even planned schedule times, to help to confirm the planned delivery date to the customer.

In SAP Business ByDesign the source of supply can be changed so that goods can be shipped from an alternative site where products are available.

It can also be modified to reflect a complete change of stocking location. For third-party direct shipment processing, external suppliers are automatically assigned and changeable.

Sales of Services

Organizations can fulfill service orders (including expense items) directly from sales orders. For a project-based service (or expense) a project task can be assigned or even automatically created out of the sales order.

Standardized services can also be assigned to projects for cost and revenue postings, labor resource, and the person intended to perform the service. Furthermore, an invoice schedule can be assigned to a standardized service item.
Selling Products and Services, Cont.

Mobile and Internet Sales

The marketplace is increasingly mobile, and the Internet has become a strategic sales channel. In SAP Business ByDesign, Internet sales orders can be created using an integrated e-shop (offered by integrated e-commerce applications).

Creating sales orders on mobile devices, such as smart phones, is supported as well, with the calculation of prices and taxes and a check for product availability.

Intercompany Processes

SAP Business ByDesign also supports and accelerates intercompany processes through EDI integration (offered by SAP or partners). In addition, when business partners are both using SAP Business ByDesign, processes are further accelerated as the creation of business documents can be automated.

For example, the creation of a purchase order in one company can automatically trigger the creation of a corresponding sales order for the selling company. The solution also offers the ability to upload a sales order from a Microsoft Excel file, which means sales orders can be created offline, if required.

Customer Returns

With the sale of products there is always a possibility that goods could arrive damaged and have to be replaced. Also, with increasing competition, companies are now often offering a money-back guarantee if the customer doesn’t like the product.

SAP Business ByDesign has comprehensive customer return functionality, which handles the reverse sales process, managing the material flow from the customer to the seller, as well as the financial reimbursement of the customer (including an optional approval process for releasing a customer return).
Product and Service Portfolio

It is vitally important that companies have complete and accurate information on all products and services they buy and sell (including expenses).

SAP Business ByDesign has a central entry point for viewing and creating products and services and their related information, such as customer part numbers, product availability, sales notes, product valuation (cost), and pricing (price and discount lists, surcharges, freights). It also allows the information to be maintained throughout the product or service’s lifecycle.

Product categories can be created and edited, and organized into a multilevel hierarchy. This structure is used in many areas, such as analytics, planning, product catalogs (used for e-shop integration), contract management, and pricing.

Furthermore, products can be linked to product specifications, which serve as lean product configurations for individual products. Product specifications are mainly used in businesses scenarios like make-to-order and order-to-cash.
Customer Invoicing

The customer invoicing functions in SAP Business ByDesign automatically create invoice requests for documents that are ready for invoicing, such as outbound deliveries, service confirmations, fixed price items, customer contracts, customer returns, and project invoice requests. Furthermore, invoice requests can be created from manual invoices, credit memos, or down payment requests.

Project invoice requests are created from time and expense sheets assigned directly to a customer project or based on a sales order service item assigned to a customer project.

For many companies, down payments are important, especially when doing business with new customers. When invoicing takes place, down payments are deducted from the invoice amount. Once an invoice is created, this information is passed on to due item and payment processing. Financial accounting is constantly updated to ensure both ledger consistency and up-to-date analytics information.

Invoices can be created from external file uploads or from recurring invoices, and point-of-sale transactions can be uploaded and transferred to financials as well. In addition, for project-based service items in sales orders, project milestones can be used to trigger invoices as soon as the milestones are met.
Sales Planning

Sales planning is an integrated business management process through which sales leaders can continually align and synchronize the sales tasks of the organization.

The sales planning features in SAP Business ByDesign allow organizations to define, aggregate, and monitor sales targets for sales units, employees, accounts, products, and product categories. Using the features, organizations can readily monitor sales targets, forecasts, and revenues, making it easy to create new plans based on past sales data.

Sales managers can select time periods for the plan and copy or enter targets for their direct employees using Microsoft Excel, which they can also use to revalue and distribute the adapted targets. Sales managers can also plan for all organizational hierarchies and report planned and actual values by aggregating targets, orders, opportunity pipelines, and projected sales.

Sales employees themselves can update pipelines and compare sales data and targets with previous periods.

At the top level, users can take aggregated plans and drill down to a more detailed level. At the bottom end, users can consolidate the data of detailed plans to create an aggregated overall plan.
Introduction: Market Trends and Challenges

Marketing

Sales

Selling Products and Services
Product and Service Portfolio
Customer Invoicing
Sales Planning
Customer Contracts

Service

Sales Planning, Cont.

Sales Directors (such as U.S.)

• Enter target value for subordinate employees (direct reports)
• Compare plan/actual deviation for direct report employees
• Monitor sales pipeline

Regional Sales Managers (such as U.S. North/East)

• Enter target value for direct report employees
• Compare plan/actual (inc. sales pipeline) deviation for direct report employees
• Monitor sales pipeline

Sales Reps (Sales Employee)

• Receive target from manager
• Compare personal plan/actual deviation
• Maintain sales pipeline (that is, opportunity management)

Graphic: Sales Planning Process
Customer Contracts

Contracts are essential documents when offering professional services, where suppliers and customers negotiate and document their agreement, including invoicing and payment rules.

Customer contract functionality in SAP Business ByDesign allows organizations to process support and managed services contracts. It supports the entire end-to-end service process from the initial request to service fulfillment and billing, so that end users can concentrate on their customers while the solution ensures an integrated document flow.

SAP Business ByDesign calculates the charges for ordered services on the basis of price agreements in the underlying customer contract. Ordered services can be invoiced in full or using an invoice schedule that specifies the invoice dates and amounts for each service item.

The contract functionality in SAP Business ByDesign helps organizations to:

- Generate new revenue streams from managed service operations and support activities
- Manage all aspects of the contract consistently, including creation, service provisioning, renewal and cancellation, invoicing, and financial accounting, to deliver greater operational efficiency
- Avoid off-line contract management and information silos by making contract management a standard part of the business solution
- Provide complete profitability analysis of contracts so that future pricing and service-level agreements can be managed more profitably
- Provide a consistent relationship with the customer, which helps increase loyalty and provide stability to the company’s revenue stream
Introduction: Market Trends and Challenges

Marketing

Sales

Service

Service Desk and Entitlements

The service desk application in SAP Business ByDesign enables organizations to process and manage service requests that result from a customer enquiry. It includes the ability to track customer issues, provide answers through a knowledge base (articles about previous solutions, procedures, frequently asked questions, and repair hints), and create follow-up process steps such as service orders or activities.

A service request can be created through various channels, such as phone or e-mail. With e-mail integration a service request is automatically created and assigned to the service processor. Information is verified and further data added, such as entitlements related to the product, customer, contract, or information about the appropriate service level agreement (promised response times, resolution times, or hours of availability within which the issue must be solved or escalated).

A service request can also be created in the collaboration window provided by SAP. This additional desktop integration tool allows contacts and customers to be identified from an incoming call. It acts as a central hub for people-to-people collaboration and for external devices and services.

A search engine allows service desk agents and service engineers to retrieve knowledge base articles to quickly solve customer problems. Existing articles can also be edited to keep the knowledge base up to date.

If the issue cannot be solved directly or with a temporary workaround, it can be forwarded to the next support level, either in-house or externally.

In the case of a more complex issue, or where a service engineer is needed, a service order can be created as a follow-up process.

The service desk functions share the same document flow, making it possible to handle typical request-to-resolve situations. For more information about the request-to-resolve business scenario, refer to the “Business Scenarios” section. In SAP Business ByDesign service entitlements allow companies to provide better services for their customers. Service entitlements define warranties, service levels, and service categories and their relevance to products and services.

Once established in the system, service entitlements are automatically determined – for example, in service requests or service orders. Registered products apply the predefined warranties to a specific sold product.

Reports provide key insights into the performance of the service process and allow companies to identify areas for improvement. The service request compliance report shows the percentage of requests that are compliant to the defined service levels. The report indicates the efficiency of the internal processes and allows companies to focus on areas for improvement.
Field Service and Repairs

SAP Business ByDesign also supports the processes for providing repair, maintenance, and on-site services to customers. It provides functions to plan service orders and to handle service confirmations and the related activities that are needed to fulfill and confirm services.

There are also enhanced functions for:

- Customer warranties – making coverage transparent, identifying legal requirements, and providing information on warranty-related costs and profits
- Service levels – defining reaction times, specifying and measuring performance objectives, and designating milestones and operating hours
- Outsourcing – offering and selling third-party services, whether they are outsourced partially or completely

Service orders are requests from a customer to maintain or repair equipment (and may need both service execution and spare parts). These services are typically invoiced but could also be free of charge, offered at reduced rates, or subject to a surcharge as a result of the working conditions. Service orders are also used to plan services, spare parts, and other expenses, as well as to schedule resources and check the availability of spare parts.

Once a service order is released, it is classified and routed to the field service engineers responsible for delivering the required services. Additional information, such as customer identification, the validation of existing contracts, and other entitlements, is also provided. The order can be scheduled taking priority, spare part availability, and other aspects, such as service levels and route optimization, into account.

Spare parts are often needed to fulfill service orders and the service order defines the parts that it is planned to use and invoice. The technician may bring the necessary parts with him or her, or these can be predelivered to the customer location using outbound delivery processing.

This latter procedure is used for bulky or rarely used items, which are stored in a central warehouse. In both cases an availability check is carried out and parts are reserved during the release of the service order. In addition, the pick-up or ship-from location is determined or selected by the user. After a service order has been executed, the technician has to confirm the actual values needed to perform the service, such as time, materials, and other expenses. Pricing is copied from the service order but can be updated if necessary in the service confirmation. The confirmation is the basis for customer invoicing, potential returns of unused spare parts, cost accounting, and service analytics – including a service profitability analysis that considers the labor resources used for executing the service.
Introduction: Market Trends and Challenges

In the search for cost efficiency and effective working, companies recognize the value of having project management applications that support the entire project lifecycle and provide complete transparency.

However, despite software vendors trying to offer a wider range of functionality to their customers, there is still a lack of end-to-end project management solutions that include all the surrounding business processes.

As a result, many companies still plan, calculate, execute, and maintain projects in spreadsheet software, such as Microsoft Excel. Even where specific applications are used, such as Microsoft Project or best-of-breed solutions, the project management processes within them are rarely integrated with other business processes, such as sales or accounting.

The project management functionality in SAP Business ByDesign has been designed to fill the gap. It’s key characteristics include:

Management of Projects of All Types and Scopes
SAP Business ByDesign covers the complete life cycle for projects of all types and scopes. Projects may act as pure collectors of overhead costs for detailed cost reporting or be executed to serve specific market segments. Projects may be managed on behalf of a single customer or undertaken to sell services to multiple customers. To allow aggregated reporting, multiple projects can be bundled into programs.

Interactive Project Planning
The solution offers various graphical planning views to allow the project manager to plan projects of all sizes. Gantt charts, work breakdown structures, and network diagrams offer intuitive drag-and-drop editing for creating and editing project phases, milestones, and tasks; planning project flows by adding dependencies; and using forward and backward scheduling to help ensure that project deadlines are met within given time constraints.
Introduction: Market Trends and Challenges, Cont.

**Integrated Project Staffing and Procurement**

The project management capabilities supported by SAP Business ByDesign are fully integrated with its human resources and supplier relationship management features. As a result, project managers can search for team members with the best-fitting skill sets, whether they are internal employees, employees of a partner company, or external service agents. The project manager can use the integrated calendar to check the availability of employees before requesting their services or raising an order for the services of an external service agent directly from the project.

**Integrated Self-Services Supporting the Project Team**

The solution also includes a dedicated work center that provides the project team with all the information and self-services it needs to fulfill its tasks. The tasks and responsibilities of project team members are all in one place, with detailed information, checklists, and a shared document center to foster project collaboration. From the project team work center, team members have access to their time sheet, so they can confirm the time worked on projects, and to expense recording to enter their travel expenses.

**End-to-End Process for Project Sales**

The project management features of SAP Business ByDesign are tightly integrated with customer relationship management, supporting professional service organizations throughout the entire value chain as a result. This includes marketing and opportunity management, the creation of projects directly from sales orders, and project invoicing. The financial closing processes are supported by automatic revenue recognition with various accrual methods for fixed price or time and material projects.

**Integrated Financial and Management Accounting**

The solution fully integrates project planning and execution with financial and management accounting, providing complete transparency of project progress and profitability. For example, at the planning stage a project manager is automatically provided with project cost estimates – without having to calculate cost rates for resources or people. Due to the tight integration with time administration, reimbursement management, supplier invoicing, and customer invoicing, all costs and revenues are directly available in project reporting.
Internal and External Projects

SAP Business ByDesign enables companies to effectively execute both internal and external projects. While there is no difference in project management and operations for internal and external projects, they are handled differently in financial and management accounting.

Internal projects can be set up as overhead cost projects or direct cost projects.

Overhead cost projects allow overhead costs to be allocated and managed in more detail than cost centers alone. All costs charged to the tasks of overhead cost projects are automatically reallocated back to the cost centers responsible for the project tasks. The project costs are, therefore, pure overhead costs. No revenues can be assigned to overhead cost projects.

Direct cost projects are internal projects such as research, development, or marketing projects for a specific product or product line.

Because direct cost projects can be assigned to market segments they can have profit analysis. Unlike overhead cost projects, their costs remain on the project. In addition, costs are handled as expenses.

Usually, direct cost projects do not generate any revenues. However, if a business partner covers the project costs, manual customer invoices can be created.

These revenues are not considered to be sales revenues but other revenues and, as a result, are not supported by automatic revenue recognition.

External projects can be set up as customer projects or multicustomer projects.

Customer projects are always linked to sales orders. The solution handles costs and revenues posted to customer projects as cost of goods sold and sales revenues.

Multicustomer projects are projects where various standardized services are provided to customers, such as a big public event involving ticketing or advertising. The standardized services are sold using standard sales orders or point-of-sales transactions that are assigned to the relevant project tasks of the multicustomer project. The solution handles costs and revenues posted to multicustomer projects as operating costs and sales revenues.

External projects are integrated into the normal order-to-cash scenario, which offers standard functions such as opportunity management, reporting by function of expense, profit analysis, and automatic revenue recognition.

To support multiproject management, internal and external projects can be assigned to programs.
Project Planning

New projects can quickly be created using the guided activity in SAP Business ByDesign. They can be created from scratch or based on a source, which can be an existing project, a project created in Microsoft Project, or a project template. Creating new projects based on a source saves time and effort, especially if the projects are fairly standardized. Customer projects can also be created directly from a sales order that has been raised to sell project-based services.

When creating a project, the project manager enters the project type, which classifies the project as an overhead cost project, a direct cost project, a customer project, or a multicustomer project. The project type also contains default parameters, such as language or approval settings, which automatically apply to the new project.

Central and Decentralized Planning

Every phase, milestone, or project task has a person responsible. At the highest level the person responsible is the project manager. He or she can define team members and make them responsible for a substructure of the project – for example, for a specific project phase. This creates a project reporting line different to the reporting line defined in organizational management and supports matrix organizations.

In the project team work center, each responsible person finds a work list with all the phases, milestones, and projects tasks he or she is responsible for, with their details.

Responsible persons can see the initial planning that has been done by the project manager and refine the planning and staffing within their area of responsibility.

They can also manage any checklists created by the project manager that are associated with their phases, tasks, and milestones.

The initial status of a project is “in planning.” If the project manager plans the entire project centrally, he or she can centrally release the project after planning. This activates time and expense recording for all phases, milestones, and project tasks.

If the project manager delegates the planning of phases, milestones, or tasks to other team members, he or she can set the project status to “started.” This activates time and expense recording for the project leader. It is then up to the team members to release the phases, milestones, or tasks they are responsible for.
Project Planning, Cont.

**Project Structure**

Project managers can structure and schedule projects using different interactive graphical views, such as Gantt charts, work breakdown structures, and network diagrams. They can start with a simple structure containing just the major project phases and then easily expand it to include additional phases, milestones, or project tasks at any time.

By assigning a service or an amount of work to a phase or a task, the project manager defines work packages for that phase or task. Unstaffed work packages are visualized in red and need to be staffed.

In addition, the project manager can plan expenses and revenues on every project task.

Graphic: From Simple to Complex Multiproject Programs
Project Planning, Cont.

Project Scheduling

Project scheduling is a solution-driven process that helps the project manager to monitor the timeline of the project and ensure that deadlines are met. The duration of project tasks is planned at the lowest level of the project. The duration of superordinate project tasks are automatically derived from the subtasks they contain (bottom-up scheduling). Milestones are used to track important events within a project and have no duration.

The project manager can define the order in which project tasks are to be completed and specify time constraints and dependencies between project tasks.

During project planning, the solution automatically calculates the earliest and latest start and finish dates of all project tasks, using either forward or backward scheduling.

The project manager can use these dates to determine the window of time in which each project task must be completed to avoid delays in the project timeline.

During project execution, the project manager can manually trigger the solution to recalculate the project schedule, using the actual time it takes to complete project tasks or other changes to the project plan.

Project Resource Management

Before employees can record time and expenses they need to be assigned to the project. The project manager can assign individual employees or entire organizational units to the project.

Project team members may be employees from the company running the project, employees of a partner company, or service agents from a supplier.

The resource management functionality in SAP Business ByDesign can be used to search for suitable resources that are available within a given period and possess the required skill sets (employees or service agents). The availability of selected employees can also be viewed using the availability calendar.

If a team member is available, he or she can be allocated to an unstaffed work package. Staffed work packages are shown in green and display the staffed team member.

Assigned employees become project team members. For each team member defined, additional information can be entered, such as the start date and finish date of the project assignment or the committed work. This additional information is used to calculate resource availability.
Project Planning, Cont.

Project Procurement

Integration with the supplier relationship management (SRM) functionality in SAP Business ByDesign makes it possible to create a purchase request for external services or materials directly from a project. The purchasing department automatically receives notification of the purchase request.

After a service has been purchased and confirmed, the responsible service agent can be assigned to a work package just like an employee.

From the solution’s point of view it makes no difference if an internal or external team member works on a task. Furthermore, the person responsible does not have to deal with financial data resulting from the external purchase. This data is transferred directly from the SRM functionality to financial accounting.
The execution phase of a project starts when the project status has been set to “released.” From this time on, work packages appear in the work lists of the project team members, and time and expense recording is activated.

Since project planning is an iterative process, the project manager or the persons responsible for a project substructure can still update the project plan.

For changes not involving the scope of the project – for example, if a task takes longer or requires more work than initially planned – the project manager can simply update the schedule of the remaining work in the project. Changes that affect the scope of the project may require the approval of the project stakeholders.
Project Execution, Cont.

Project Work List for Team Members
Project team members are typically responsible for a number of work packages. In the project team work center, SAP Business ByDesign automatically provides them with a work list containing all the work packages they have to perform.

From the work package work list, team members can access the corresponding project task to view all the details, such as the service to be provided and the hours planned. After work is completed, team members update the estimated remaining work and record their time and expenses.

Time Recording
Both internal and external project team members can use self-service to enter the time they have worked on the project.

The time recorded by internal project team members automatically generates a service cost allocation from the employee’s cost center to the project task. The cost rates can either be based on real costs (defined per labor resource) or internal service costs (defined per service).

The time recorded by service agents and employees from a partner company automatically generates a service confirmation of the cost rate from the project purchase order. SAP Business ByDesign supports intercompany processes such as purchasing and invoicing for project work as well as for products. This is useful when a company has a number of legal entities and wants to be able to assign products and employees to projects at any of them.

Time recording can also be performed on behalf of team members, such as by a team assistant. Unplanned as well as planned work can be recorded, although unplanned work always requires approval by the person responsible for that part of the project.
Expense Recording

Internal project team members and employees from a partner company can enter their expenses into an expense report using the self-service functionality of expense and reimbursement management.

After an optional approval process, expenses are reimbursed to the project team member.

SAP Business ByDesign automates intercompany processes, reducing manual invoicing for the customers.

If the project team member is an employee of a partner company his or her time recordings simultaneously create expenses for the project of the buying company and in the selling company. The selling company uses the automated invoicing processes in SAP Business ByDesign to invoice the buying company.

External project team members include their expenses in their supplier invoice to the company.

Expense recording can also be performed on behalf of other employees – for example, by a team assistant or by using a mobile device.
Project Execution, Cont.

Approvals

The project manager receives and approves all pending approval tasks in the project management work center, regardless of whether they come from employees or service agents. After timesheets and expense reports have been approved, SAP Business ByDesign processes the financial postings.

It is essential for project managers to keep recorded times and expenses under control, but at the same time, approval tasks should be kept to a minimum. Therefore, the conditions under which time and expenses need to be approved can be configured in SAP Business ByDesign.

For time recordings, the project manager can decide whether he or she wants to approve all recorded times or only times which have not been planned. Unplanned work, as well as work recorded by external team members or by persons who are not part of the project team, always needs to be approved.

Different approval scenarios for expense reports can be configured in expense and reimbursement management. If the approval process for expense reports is activated, expense reports are first sent to the expense clerk for review before being forwarded to the project manager for approval.

For shopping carts, purchase orders, or supplier invoices, the approval process can be activated and configured individually. Goods and service receipts are always sent for approval if the confirmed quantity exceeds the ordered quantity.

The approval conditions for expense reports, shopping carts, purchase orders, supplier invoices, and goods and service receipts can be further refined by specifying a threshold value. This helps ensure that approval is only required if the amount exceeds the defined threshold value.

Project Team Collaboration

Project teams working with SAP Business ByDesign benefit from the collaboration functions, such as the collaboration window and integrated business task management, which enable them to work together efficiently using multiple communication channels.

The solution also provides a document center for centrally uploading and storing documents, pictures, or other file types. Files uploaded to the document center can be viewed, edited, and deleted using a standard Web browser.

The document center helps ensure that the documents are up to date by offering exclusive editing rights using a check-in/check-out policy. Document versioning stores the history of the changes to a file.
Project Execution, Cont.

Change Management

Change management is an important part of project management. The original project plan, including planned start and finish dates, planned durations, and planned work, serves as the baseline or primary reference point against which project execution is measured.

SAP Business ByDesign automatically creates the initial baseline by copying the plan data when the project manager starts or releases the project. The project manager and stakeholders can then use reports to monitor the progress of ongoing projects and track and analyze deviations from the baseline plan.

If the current project data consistently differs from baseline data, it indicates that the original plan may be inaccurate, caused by changes to the scope or nature of the project.

When there are significant changes to the project scope, such as additional tasks, the baseline can be modified by carrying out the required changes in the baseline editor, or by creating a new baseline from the project plan, and then submitted to the project stakeholder for approval.
Project Execution, Cont.

Project Invoicing

SAP Business ByDesign offers sophisticated project invoicing functionality that allows both the project manager and the invoicing clerk to invoice customers for project-based time and expenses or fixed-price project services.

Companies using SAP Business ByDesign benefit from the full integration of project invoicing into the end-to-end business processes of the order-to-cash scenario (see the “Business Scenarios” section for more details). They are supported by standard functions such as reporting by function of expense, profit analysis, and automatic revenue recognition for project sales.

Generally speaking, project team members enter a time or expense item and also the relevant project tasks, but they aren’t aware of the sales order item. So special determination logic allows the solution to find and automatically assign the correct sales order item for the entered time and expense items.

SAP Business ByDesign also offers a special invoice preparation view that allows the project manager to review the assignments made by the solution and provide any that are missing.

In the same view, the project manager can also prepare defaults for the invoicing clerk, defining when times and expenses are to be invoiced or written off.

A project invoice request can be created at any point during the project’s duration. The solution offers a guided activity to manually create a project invoice request, starting from either the project or the related sales order. However, the solution also supports the ability to automatically create a project invoice request based on the sales order items and the automatic assignment of time and expenses. The automatic project invoice request can then be edited and completed.

Furthermore, it is possible to create an invoice schedule with fixed invoicing dates or invoicing based on the completion of project milestones (milestone billing). Based on this schedule, the solution automatically creates project invoice requests and sends business tasks to the invoicing clerk to review and release the project invoice requests.
Project Analysis and Controlling

In SAP Business ByDesign project logistics data is decoupled from financial data, but both are updated in real time. Due to this flexible integration, the project manager can focus entirely on project tasks such as planning and monitoring, while the finance department handles controlling aspects.

Both project manager and financial specialist are always kept in sync with up-to-date project data. As a result, project managers and the financial department both gain an integrated and flexible project management solution for project maintenance, monitoring, and reporting.

SAP Business ByDesign provides project managers and financial analysts with reliable and accurate data relating to project progress and deviations concerning work and schedule. Project managers can also easily change and track the status of projects and the tasks within them.

Equally importantly, the actual consumption of resources is transparent to them, and they can track project status and escalate “red flag” issues when they occur.

Project snapshots, details of a project at a specific point of time, help project managers and team members to identify trends in the work that has been carried out, schedule deviations, and project costs. A snapshot can be created automatically at regular intervals, using a snapshot run, or created manually at any time.

Project managers and financial analysts both gain an in-depth view of the costs, revenues, margins, and deviations of projects broken down by project structure. In addition, the financial analyst can analyze the costs and revenues that have been deferred or accrued by automatic revenue recognition.

**Earned value analysis (EVA)** is a method for providing a solid valuation of the progress of projects in terms of scope, schedule, and costs. Simply comparing actual and planned costs may lead to the wrong conclusions, as the actual progress of the project is not considered, EVA introduces the earned value as a quantification of the project progress, which can then be viewed in relation to the planned value (PV) and to the actual costs (AC).

To support project invoicing, a special customer projects report allows the project manager and the financial analyst to track time and expenses recorded against customer projects, the amounts already invoiced, and the amounts still open.

Profit analysis can be done based on market segments, defined by profit analysis attributes. These attributes are automatically derived from the master records of customers, services, cost centers, and projects.

Project profit analysis can be performed using the standard profit analysis reports based on data from journal entries (earned profit analysis) or based on data from sales orders or customer invoices.
Introduction: Market Trends and Challenges

To be successful in today’s competitive environment, every company, no matter what size, must have high-quality and cost-efficient human resource (HR) services that take into account the following factors.

Increased Flexibility
Globalization and competition increasingly put pressure on companies to manage:

• Changing business ecosystems – This is often due to organic growth/expansion or business process change. Company growth can also be caused by mergers and acquisitions, which may result in heterogeneous HR environments or the need for additional HR solutions such as talent management.

• Virtual workforces – These can be a result of more flexible employment models such as temporary resources, contractors, and project teams for defined projects.

• Consumption of the software solution – Customers want choice and flexibility as to how they utilize functions such as talent management. In addition, the need to focus on core competencies increases the demand for outsourcing, and requires integration with purchasing and project management.

Improved Efficiency
At the same time organizations need to optimize, standardize, and automate HR processes to drive efficiency and reduce costs by:

• Simplifying people management – The processes concerned with managing employee data, collecting and evaluating time data, and processing payroll must be streamlined in the face of limited resources with specialist expertise.

• Empowering employees and line managers – By providing employees and managers with self-service functionality, HR can divest itself of administrative activities in favor of higher value business activities.

• Facilitating people and their ecosystems and networks – The employee is part of an organization, team, project, and community.
Introduction: Market Trends and Challenges, Cont.

Organizations also need to ensure that their HR processes actively support the achievement of their business goals by:

- Optimizing employee utilization – being able to utilize the appropriate amount and type of resources throughout the “lead-to-cash” processes essential to profitability
- Enabling compliance and lowering liability risk – systems must support and provide clear transparency, monitoring, and controlling in order to lower costs, raise efficiency, and lower liability risks

SAP Business ByDesign incorporates the following key features to help companies address today’s HR needs:

**Separation of Processing**

In SAP Business ByDesign time and labor management, personnel administration, compensation, and payroll have clearly defined tasks and responsibilities. For more complex processes, like the hiring process, the solution allows the processes to be separated into different phases so they can be handled by different areas, improving efficiency and responsiveness

**Separation of Data**

SAP Business ByDesign enables employee data to be collected and stored once and then used in different processes, providing a single version of the truth.

While employment data and information related to work agreements are solely for the use of HR, data related to the employee as a person can be reused in different processes outside HR, such as sales or production.

**Reduced Complexity for User and Authorization Management**

SAP Business ByDesign simplifies access management by managing employee access rights to IT systems right across the company. Using an employee’s HR data profile and attributes, such as department and role, the system generates a security profile. This profile then automatically provisions the employee’s access rights. As a result, the solution not only saves a significant amount of effort, it also helps companies maintain their compliance with regulations and standards, such as segregation of duties.

**Embedded Support for Payroll Outsourcing**

With country payroll requirements becoming ever more complex and unique, many companies choose to outsource their payroll processing to save time and effort.

SAP Business ByDesign has an open interface that enables payroll providers to easily connect their systems to it. Crucially, the solution leaves HR professionals in complete control of all payroll processes. As a result, they have the visibility of an in-house payroll system, with the cost-saving benefits of outsourcing.
### People and Organizational Management

SAP Business ByDesign allows organizations to dynamically create and manage information about their organizational structures and provides a single, consistent view of the entire organization from all perspectives of the business. The software makes it simple to reorganize company structures and the related organizational master data as needed, as well as assign employees to new departments and positions. It is the foundation for driving all business processes, user access management, responsibilities, and workflows.

**People and Organizational Management**

The organizational structure is the foundation for all master data organization as well as the HR processes and workflow. With SAP Business ByDesign companies can graphically depict and analyze organizational and reporting structures, as well as plan workforce requirements.

SAP Business ByDesign also streamlines the onboarding process for new employees into a smooth, hassle-free process – from hiring the right person, assigning him or her to the right position, department, location, and cost center, to providing the necessary system access rights.

Master data about employees can be managed in one of two ways. Either personnel administrators can manage the full set of employee-related data or companies can allow employees to manage their own data using employee self-service.

In SAP Business ByDesign there is only one single organization structure behind all business processes from logistics to financial management, providing a single version of the truth and reducing the chance of errors occurring.

Organizations can easily set the solution up according to the company’s current structure and then change responsibilities and reporting lines when the structure changes. In addition, the solution automatically generates revised proposals for employee access rights and workflow definitions for the new organizational roles. By accelerating the process of implementing reorganizations, mergers, acquisitions, and divestitures, the solution minimizes the negative impacts these types of transitions can cause.

SAP Business ByDesign is the foundation for driving all business processes, user access management, responsibilities, and workflows.

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**Introduction: Market Trends and Challenges**

**People Master Data and Organizational Structure Management**

**People and Organizational Management**

**Identity and Workflow Management**

**Personnel Administration**

**Time and Labor Management**

**Resource Management**

**Compensation Management**

**Payroll**

**Data Privacy Management**

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People and Organizational Management, Cont.

People Master Data and Organizational Structure Management
- People and Organizational Management
- Identity and Workflow Management
- Personnel Administration
- Time and Labor Management
- Resource Management
- Compensation Management
- Payroll
- Data Privacy Management

Graphic: Identity and Access Management

SAP ByDesign®
Identity and Workflow Management

Centralized Access Management and Identification

The assignment of an employee to an organizational group largely determines the data the individual is allowed to access within SAP Business ByDesign. The solution proactively proposes the access employees should be given to company systems. It also automatically generates approval workflows and routes them to the appropriate managers for review and approval.

In addition, as business needs change, companies can quickly change and easily modify employee access rights to match their new roles, responsibilities and organizational assignments.

Automated Workflow and the “Push” Principle

With its automated workflows SAP Business ByDesign helps to accelerate processes across the organization. Using its centralized knowledge of the company’s organization and employee responsibilities, the solution automatically defines workflows and proactively “pushes” work, such as exceptions, alerts, and requests for approval, to appropriate employees and managers.

The push principle in the solution also supports collaborative task management, where employees can set up and track tasks involving their coworkers, as well as forwarding and escalating tasks as needed.

Employees access their personal prioritized lists of tasks within their work centers. Managers track the status of tasks and the overall workload of their group using the work center especially designed for line managers.

Graphic: Overview of Identity, Access, Responsibility, and Organization Structure

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The personnel administration functions in SAP Business ByDesign streamline all the basic processes related to personnel and employee information management, starting with the hiring process and transfer to different positions within the company, and ending with the termination.

HR professionals can perform these tasks or they can be delegated to authorized users. For example, managers can access workforce data online via their work center to create and edit personal and organizational data. They can also view an employee’s history.

Personnel administration processes can be triggered by various HR business transactions, such as the result of department reorganization by a manager or a working time reduction by an employee.

SAP Business ByDesign is designed to ensure data privacy while allowing relevant information to be used throughout the solution for functions such as financials, project management, and production. As such, it provides a single version of the truth throughout the solution, eliminates duplicate data entry, and reduces costs.
Personnel Administration, Cont.

SAP Business ByDesign distinguishes between personal employee data and data that is related to the employee’s employment and the work agreements between the employee and the company. Where appropriate, employee data can be used throughout SAP Business ByDesign, while employment and work agreement data remains in the HR part of the solution. Importantly, any changes to employee data are immediately updated throughout SAP Business ByDesign.

One of the key differentiating features in SAP Business ByDesign is that employees can be assigned to more than one work agreement. This makes it possible for employees to be engaged on a number of projects, each with its own work agreement, a particularly useful feature for professional services organizations.

In addition, task execution and information access is governed by guidelines and standards established by the organization, as well as by the regulations in the countries where the company operates. As a result, SAP Business ByDesign helps to ensure employee master data is up-to-date, accurate and compliant, while reducing the burden on HR staff.
Time and Labor Management

The time and labor management functionality in SAP Business ByDesign records person-related time data and supports the planning, administration, and evaluation of working times, activities, and absences for internal and external employees (contractors). Recording and managing working times can be flexibly distributed to employees, various user departments, or carried out by the personnel department.

The data recorded is an important basis for the following company-wide business processes:

- Managing and supplying time valuation results to an external payroll system
- Managing the availability of employees and contractors, and providing visibility into the supply and demand for critical resources
- Project time confirmation and invoicing
- Assigning costs to internal projects and allocating internal activities
- Invoice receipt checking, by recording external employees’ activities

Working Time Models

Working time models enable work schedule arrangements to be mapped quickly and easily. Thanks to their modular structure, individual elements of the working time model, such as break times or day models, can be reused reducing the time and effort involved. The individual models are available company-wide and can be presented in list form on the user interface, so users can quickly select the required model.

Classical working time models, such as shift models based on start and end times, can be defined just as easily as working time models without a day reference. In such models, the average numbers of hours to be worked are specified for any period. These functions, in particular, fulfill the requirements of the service sector and the requirements for the administration of external employees.
Time and Labor Management, Cont.

Time Recording

Recording working time in SAP Business ByDesign can either be automated via time clocks, performed centrally by a time administrator, or de-centralized using self-service.

In addition to recording the hours actually worked by employees, the solution allows planned times, overtime, availability, and absences to be recorded. Information for follow-on business processes, such as cost and project information, can also be appended to this data.

SAP Business ByDesign provides time administrators with interfaces for checking and supplementing data. In addition, there are specialized interfaces for the mass data entry of bonuses, overtime, or leave.

For employee self-service, day or week views can be provided. Employee self-service provides a specific release step to assist employees in recording their data. If required, data that is pending approval can be transferred to target applications. This provides an overview of all the time and labor data recorded for a project or task regardless of the approval status of the data. In addition, it enables bonuses or overtime to be paid directly.

The data entered is automatically applied to payroll records or, in the case of contractors, to the purchase orders against which they are billing their time. The payroll integration automates compensation and allows HR professionals to manually modify payroll data – for example, to add overtime or a shift premium for a particular employee.
## Resource Management

The ability to manage resources effectively is a key success factor in the professional services industry. SAP Business ByDesign enables organizations to build and maintain a database of internal employees and external contractors, together with their individual skills sets and availability.

The resource pool allows managers to run queries to locate particular skills and match them to planned project timelines, making the process of staffing projects much easier and less time intensive.
Resource Management, Cont.

The availability calendar contains key information about “soft” (tentative) and “hard” (committed) booked resources and the potential capacity of the project workforce. This information is crucial for understanding the order situation and the general state of the business, as well as the booking situation and productivity of certain employees in the short and midterm.

Organizations can see the remaining availability of selected employees per day.

They can drill down to see the committed work per employee, project assignments and absences. A color-coded pattern makes it easy for users to spot the available candidates.

SAP Business ByDesign supports various stakeholders involved in managing resource supply and demand, allowing them to see both the current utilization and the forecast demand over a set time period.
Resource Management, Cont.

Senior managers can focus on the whole organization, looking at shortages that will jeopardize achieving sales targets, lead to projects being postponed, or result in lost deals. They also have the ability to drill down into specific organizational units. Line managers can monitor the utilization of their direct reports, historically and in the future.

Resource managers can provide reports for senior management and leading consulting managers. They can also view supply/demand capacity shortages and identify where resources are in greatest demand or overbooked. In addition, project managers can monitor the hard and soft bookings of their project team members to avoid shortages and delays and support detailed planning.

Last but not least, the employees, the project team members themselves, can adjust their commitments from day to day (or week to week or month to month) within the given assignment period. This helps ensure that the individual capacity planning for each project can be adapted to the employee’s commitments and responsibilities.
Compensation Management

The compensation management functionality in SAP Business ByDesign allows organizations to centrally manage their company-wide compensation policies and help ensure that pay structures are applied consistently across the company. To simplify this process the solution provides preconfigured, country-specific business processes that are employed by personnel departments, and particularly compensation specialists within those departments. It allows them to:

• Create and maintain regular payment information, additional recurring payments, and one-time payments
• Support individual compensation adjustments
• Assign employee compensation agreements to compensation structure grades
• Analyze and report on personnel compensation data
• Provide integration to outsourced payroll solutions

Compensation structures are used to create and maintain a variety of fixed and variable pay grade ranges. These not only reflect the value of an employee’s job within the company, but also allow personnel departments to compare the compensation with equivalent jobs on the labor market.
Compensation Management, Cont.

Compensation components describe the various elements of employee compensation. Using compensation components, personnel departments can define and maintain gross or net pay, valuation bases, insurable income, and so on, taken together, comprise the various types of payment that will be paid to the employee.

While the work agreement object specifies the activities and responsibilities of the employee, compensation-relevant data for the employee – such as salary, bonuses, one-time payments, recurring payments, and so on – is defined in the compensation agreement.

Default values – for example, grade, pay components, and so on – can be derived from the compensation structure and grade assignment, if they have been maintained. Compensation specialists, however, remain at liberty to override these default values.
Payroll

Payroll functions in SAP Business ByDesign include all activities from maintaining master data to executing the payroll and performing follow-up activities like payments.

SAP offers payroll in a business process outsourcing (BPO) model: that is, the payroll is run by an outsourcing provider but control over the business process and communications are maintained by SAP Business ByDesign.

An open interface and a certification process allow outsourcing providers to connect their payroll solution to SAP Business ByDesign. Because services and duties are clearly defined, customers can continue to use their existing payroll provider when implementing SAP Business ByDesign or choose a preferred provider without the effort of an exhausting blueprint phase.

The solution combines the advantages of transparency, monitoring, and controlling that companies traditionally have with an internal payroll system, with the benefits of an outsourced payroll – lower costs, higher efficiency, and lower risk of liability.

In the BPO scenario, the payroll provider takes care of tax calculations and remittance, and initiates the salary payments to employees. The payroll provider also fulfills certain legal requirements, such as communications with taxation authorities and other agencies. As a result, administrative overhead is reduced.
Payroll, Cont.

SAP Business ByDesign provides a preview of all payroll input data so it can be validated within the payroll snapshot and corrected when necessary, giving companies full control over the payroll before the payroll calculation has started.

The solution also allows full control over the payroll process. It enables the payroll administrator to release the payroll run for a given group of employees in a given period.

When the payroll process is started, all relevant data from the compensation management, time and labor management, and expense and reimbursement management functions, together with the legally required data per employee and country, is collected and transferred to the payroll provider, who performs the payroll run and any follow-up activities.

When employee data is collected for the first time, all the data available for the given period is transferred. For subsequent data transfers, only changed data is collected and transferred.

Once the payroll run is complete, payroll results are returned back to SAP Business ByDesign, where they are available for use by the accounting functions and for further reporting.
Payroll, Cont.

To support payroll in different countries, SAP Business ByDesign keeps country-specific data, such as information about tax and social insurance, plus any additional data required by a particular country (for example, previous employers, and so on).

All data related to the individual is also subject to data protection. Within SAP Business ByDesign, any individual’s data is protected in accordance with country-specific legal requirements.
Data Privacy Management

Data privacy is extremely important and regulations vary from country to country. On the one hand companies have to protect data from inappropriate publication; on the other they have to contend with obligations to disclose data.

SAP Business ByDesign enables companies to easily comply with local data privacy standards, including the obligation to disclose and delete on request.

For the obligation to disclose, a data protection officer can provide a fact sheet that shows all the personal data held in SAP Business ByDesign for one employee.

The fact sheet can then be printed and given to any employee who requests disclosure of his or her personal data. The solution also provides links to the detailed personal data records held in the system for the employee concerned.

Under certain circumstances employees can request that their personnel data be deleted. The deletion on request functionality allows this to be done in one action. However, to help ensure compliance with local requirements, a warning is given if the statutory retention period, which is held in the solution, has not been met.
Introduction: Market Trends and Challenges

The most prominent trends and challenges facing purchasing departments are:

**Globalization:** Leveraging a global supply network is no longer simply a differentiator – it is essential to remain competitive in today’s markets. Price fluctuations in commodity markets, political unrest in certain parts of the world, and significant cost differences between various regions are driving the need to reduce risk and implement a global supply management and purchasing strategy.

**Continuous cost pressure:** As competition becomes global, the pressure to make continuous improvements to costs and other value attributes increases. Leading organizations that set the competitive agenda in their respective markets tend to outperform their peers in controlling costs.

**Innovation:** With organizations increasingly specializing and a tendency toward a lower real net output ratio, companies are becoming more dependent on tapping into the innovation potential of suppliers. Automotive and high-tech original equipment manufacturers (OEMs) are leading the way, showing how suppliers can integrate more closely and earlier on in the business processes.

Enterprises are responding to these trends and challenges by transforming their purchasing processes and becoming more strategic in their handling of supply management.

A recent study found that companies are redefining the role of purchasing in four major ways:

- **Extending the scope of supply management:** Purchasing is playing a broader role in delivering bottom-line benefits. Active involvement in new product development is a major focus, together with linking purchasing with product costing and sales order management.

- **Establishing deeper relationships with suppliers:** Organizations are increasingly relying on suppliers – or networks of suppliers – that are strategic to their business, fostering deeper relationships with the suppliers that add the most value. Cost standards, long-term agreements, and common governance bodies are implemented to create more synergetic relationships.

- **Elevating the purchasing function within the corporate hierarchy:** Procurement organizations are being centralized, the role of the chief procurement officer is being established, the workforce is being trained, and increasingly procurement is becoming recognized as a key contributor to the organization’s success. This requires the role of purchasing to be strengthened by linking performance indicators to corporate goals, which also entails monitoring purchasing’s contribution to the bottom line.

- **Increasing the utilization of technology:** Business applications and technical infrastructure are being increasingly leveraged, not only to automate and standardize procurement processes, but also to support both strategic sourcing practices and valuable supplier relationships.
Introduction: Market Trends and Challenges, Cont.

SAP Business ByDesign supports the new approaches that companies are using to redefine the role of purchasing and enables them to increase their purchasing performance. With increased supply chain visibility and automated processes that connect the entire supply base, the solution enables customers to gain unprecedented insight into spend and to find new ways to cut the cost of purchased goods and services across their entire organization.

SAP Business ByDesign provides companies with innovative methods for supplier relationship management, allowing them to coordinate their business processes with those of their key suppliers and making them more effective as a result. The solution optimizes the procurement strategy and enables companies to work more effectively with their supplier pool, helping them to gain long-term benefits from all their supplier relationships.
In particular SAP Business ByDesign helps companies to:

**Automate:** Increase purchasing efficiency with automated processes and empower people with exception-based decision support.

**Collaborate:** Advanced communication technologies improve internal and external collaboration while effective supplier base management strengthens the relationship throughout the supplier lifecycle.

**Monitor:** Visibility of performance is improved through the integration of analytics for operational and strategic purchasing.

**Optimize:** Work centers tailored to the needs of each user (such as self-service procurement) increase personal productivity for all employees.
Sourcing and Contracting

Strategic Sourcing
For many companies, strategic sourcing is a major lever for reducing costs and enhancing value.

The analytical capabilities supported by SAP Business ByDesign provide clear visibility into spend, providing reports for different spend categories – like contract or maverick spending by suppliers, product categories, countries, or organizational structure.

To help ensure that the identified savings can be sustained and negotiated savings can be realized, SAP Business ByDesign closes the loop between sourcing and procurement – for example, by the conversion of an existing contract into a request for quote (RFQ) for competitive negotiations. The winning bid updates the contract or creates a new one.

Another important innovation is that the sourcing professional can actively manage initiatives based on sourcing requests, which supports the grouping of requirements for example.

Purchasing managers benefit from key performance indicators tailored to their individual needs, which show them whether the company is on track to reach its targets at a glance.

RFQ Processing
RFQ processing enables organizations to easily find and negotiate new sources of supply. After publishing a request for quotation, buyers can efficiently process the quotes they receive, making sure that they always choose the best quotes by comparing them in a well-arranged manner.

The winning quote can then be converted to a purchase order or a purchasing contract. SAP Business ByDesign includes a streamlined communication process that uses interactive forms to exchange RFQ and quote data with suppliers or bidders.

Contracts and List Prices
SAP Business ByDesign also supports the management of purchasing contracts throughout their complete lifecycle. Monitoring functionality helps ensure that suppliers, business units, and individual buyers comply with agreed terms and conditions to close the loop between sourcing and procurement.

A buyer can create a purchasing contract from scratch, from a purchase request, or as the outcome of a negotiation process. A purchasing contract can be referred to by purchase orders, goods and service acknowledgements (in the case of a limit purchase order), and supplier invoices.
Sourcing and Contracting, Cont.

The releases made against the purchasing contract by these documents are updated in the system. As a result, the purchasing department can reduce maverick spend and help ensure that corporate spending policies are followed.

Besides purchasing contracts, SAP Business ByDesign offers list prices as another source of supply. List prices are typically used if the buyer has received pricing information at a trade fair or from the supplier’s homepage on the Internet.

Source Determination

Buyers need to ensure that the procurement of goods and services is as convenient and efficient as possible. SAP Business ByDesign allows buyers to set a fixed source of supply for a product, to make sure that it is always procured from the supplier that meets the buyer’s requirements best, or define quota arrangements to distribute the purchases across several sources of supply.

Purchasing Product Portfolio Management

When product master data is missing, it disrupts procurement processes and causes extra work.

SAP Business ByDesign uses sophisticated product data maintenance processes to help ensure data quality and improve purchasing performance. It provides a purchasing specific work center to address all tasks concerned with purchasing product maintenance, including a mass change function that allows multiple products to be updated at the same time.

Supplier Base Management

SAP Business ByDesign enables purchasing departments to centrally manage the supplier database. Supplier master data maintenance is no longer a task that needs to be planned in advance. It becomes a simple step within any business process, saving time and eliminating the need for a master data expert.

SAP Business ByDesign provides a purchasing specific work center to address all tasks concerned with supplier master maintenance. A duplicate check is carried out when the buyer creates a new business partner, either automatically when saving the data or on request.

Within the supplier master the buyer can manage the lifecycle of the product categories delivered by the supplier. He or she can assess the sourcing strategy for a product category by reviewing factors such as the number of suppliers who can provide items in the product category, the company’s dependency on these suppliers, and the ease or difficulty of obtaining the products. This information enables buyers to conduct an initial supply risk assessment and undertake follow-up measures like restricting the supplier from certain purchasing activities for a specific product category. Finally, it helps the buyer in price negotiations with suppliers.
Purchase Request and Order Management

Purchase requests handle demands and requirements from various processes like self-service procurement (shopping carts), supply planning, and project procurement. Purchase requests are the daily input/workload of operational buyers and trigger their daily workload.

In SAP Business ByDesign sources of supply are assigned automatically to purchase requests, but can also be changed manually by the buyer if required.

If there are several purchase requests for the same item, the system bundles them into one purchase order on the basis of preconfigured criteria. This creates synergies that deliver pricing advantages, such as quantity discounts.

When buyers handle a requirement manually, the system helps them locate an appropriate source of supply by offering a ranked source proposal with an overview of potential suppliers, contracts, and list prices. If none of the proposed sources is suitable, the buyer can send out a new request for quote or trigger the creation of a new contract.

The purchase requests and orders work center allows an operational buyer to procure any kind of product or service. It provides complete purchase order handling and monitoring, and innovative purchase order bundling, as well as Microsoft Office integration.

Primary activities include:

- Bundling purchase requests into purchase orders
- Determining prices and sources of supply
- Triggering purchase order-related activities such as the creation of purchase order acknowledgments, goods and services receipts, and supplier invoices

Effective process and spend control is established via single or multistep approval processes.

In parallel a system of alerts and notifications alerts the buyer to exceptions, so that they can be solved quickly. Decision-making support is available promptly in various reports and analyses.

SAP Business ByDesign allows buyers to undertake different types of procurement processes, such as asset procurement, service procurement, procurement for stock and nonstock as well as third-party deals where an incoming sales order is directly turned into a purchase order and forwarded to a supplier for immediate delivery to the original customer. In the latter case, SAP Business ByDesign can be integrated with other companies that are using SAP ERP, such as when a subsidiary buys products from its parent company for direct shipment to the customer.

SAP Business ByDesign also supports limit purchase orders, which are used when the goods to be delivered or services to be rendered in a certain period in time are not known when the purchase order is created.
If required by the buying company, the supplier can reply to the purchase order and acknowledge whether the ordered quantity of goods or services can be delivered at the time and price requested.

Schedule lines are also supported, for situations where the supplier has to split the original purchase order item quantity into two or more deliveries at different delivery dates.

SAP Business ByDesign includes an easy-to-use confirmation process that allows suppliers to enter confirmed quantities and delivery dates directly in the purchase order form and send it back for confirmation via e-mail. SAP Business ByDesign automatically updates its records as soon as the acknowledgment is returned by the supplier.

Any update in a purchase order also updates other documents, such as supplier invoices and purchasing contracts. This helps ensure that the whole procurement process is based on up-to-date information.

In SAP Business ByDesign, purchase requests and orders are closely integrated with project management. Defining a requirement for external resources in a project plan automatically starts the procurement process.

Project managers are kept in the loop via approval processes, so that they are always aware of the status of the procurement process.

Services rendered by external resources are entered into the system (optionally directly by the person who rendered the service) and update both the purchase order and the project.

SAP Business ByDesign also includes various methods for transmitting purchasing documents including printouts, facsimile, e-mails (including e-mail with an interactive form attached) and XML communication.

In addition, SAP Business ByDesign supports and accelerates intercompany stock transfers and procurement processes between partner companies using the same SAP Business ByDesign system, by automating the creation of the business documents involved. For example, creating a purchase order at the buying company automatically triggers a sales order for the selling company.
Process Automation and Integration

Automated procurement processes driven by supply chain planning enable the buyer to concentrate on strategic tasks. User interaction is reduced to a minimum by focusing on alert and exception handling. Process automation can be flexibly configured.
Self-Service Procurement

Procurement departments are often burdened by the time-consuming administrative tasks involved in the purchasing of routine maintenance, repair, and operations (MRO) items and services, which prevents them from focusing on more strategic tasks and issues.

In addition, paper-based processes are slow, bureaucratic, and costly, and transaction costs are often extremely high compared to the value of the goods and services purchased. They also result in frequent errors and maverick buying, which are inefficient and costly. Furthermore, entirely manual procedures impede transparency, preventing corporate decision makers from understanding the impact of purchasing choices and making it difficult to consolidate purchasing power across the enterprise.

The self-service procurement features in SAP Business ByDesign help to ensure compliance and reduce process costs by decentralizing purchasing processes at the same time as establishing central control.

Costs are cut, cycle-time delays are shortened, and errors that arise from paper-based processes and inefficient communication with suppliers are reduced.

Self-service procurement allows each employee to create their own shopping carts. Catalogs and Google-like search mechanisms enable users to find the right product at the best price. SAP Business ByDesign also enables cross-catalog searches and searches in subsets of data, such as in previously ordered items or in product master data. In order to enforce compliance with corporate spend limits, an approval workflow forwards each newly created shopping cart to the responsible manager prior to actually placing a purchase order.

SAP Business ByDesign includes features that allow purchasing departments to create and edit product catalogs by collecting product information from relevant sources, checking the quality of the product catalog content, and determining when and to what extent product catalogs can be published for use in other business processes.

Sources of product information can be external, such as product catalogs provided by the product suppliers, or internal, such as product master data. SAP Business ByDesign also integrates supplier catalogs directly over the Internet as well as using internal catalogs.

Once goods ordered via self-service procurement arrive, SAP Business ByDesign allows the employee to capture the goods receipts directly in the system.
Self-Service Procurement, Cont.

<table>
<thead>
<tr>
<th>1. Create Shopping Cart</th>
<th>2. Manager Approval</th>
<th>3. PO Sent to Supplier</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee</strong></td>
<td><strong>Manager</strong></td>
<td><strong>Supplier</strong></td>
</tr>
<tr>
<td><strong>Project Member</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Catalog Management</strong></td>
<td><strong>Monitor Operational Process</strong></td>
<td><strong>Strategic Process</strong></td>
</tr>
<tr>
<td><strong>Purchaser</strong></td>
<td></td>
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</tr>
</tbody>
</table>

Graphic: Overview of Self-Service Procurement

Introduction: Market Trends and Challenges
Sourcing and Contracting
Purchase Request and Order Management
Process Automation and Integration
Self-Service Procurement
Goods Receipts and Returns
Supplier Invoicing
Goods Receipts and Returns

Within SAP Business ByDesign, goods and services acknowledgements are used to confirm the receipt of goods or the rendering of services. As soon as goods arrive (or services have been rendered), a goods and service receipt can be entered into the system. This updates the purchase order and also informs supplier invoicing of the quantities that are to be invoiced.

Goods and services receipts are also integrated into self-service procurement, where an employee can confirm deliveries against shopping carts. If goods need to be returned to the supplier (for example, due to quality issues or incorrect delivery), the system supports this with a return to supplier, which captures the goods, quantities, and dates of what has been returned.

know the details of the goods or services needed when he or she creates the purchase order.

Once the goods have been delivered or the service has been completed, these details are known and can easily be entered into the goods and services receipt.

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Supplier Invoicing

Supplier invoicing functionality supports capabilities for effectively managing all supplier invoices, credit memos, recurring invoices, down payments, customs invoices, and installments.

The supplier invoicing process is streamlined and as automated as possible, reducing user interaction to a minimum. Invoices are entered either manually or automatically, for example via XML. Once an invoice is entered the system automatically matches it to any preceding documents – such as purchase orders, purchase contracts, or goods receipts – and checks for variances, duplications, and errors. If the invoice is correct, it is posted automatically and payment, tax, and other accounting information is passed on to financial accounting.

If there is an inconsistency (such as a higher price than the purchase order or missing information), an exception is raised to show the user that manual intervention is required. SAP Business ByDesign supports various kinds of possible exceptions and offers the means to resolve them, for example by forwarding exceptions internally to another employee or externally to the supplier.

Automated Invoice Management

An important innovation in SAP Business ByDesign is the document-driven invoice management system that automatically matches references, recognizes duplicates and variances (such as price variances or quantity variance), and helps to resolve them. It uses up-to-date technologies such as Adobe Interactive Forms, scanning and fax technology, XML, and electronic data interchange (EDI).

Incoming paper-based supplier invoices can be scanned and automatically uploaded into SAP Business ByDesign.

The system then automatically reads the paper invoice and matches it against purchasing and delivery information, including approval and exception-handling functions. As a result, staff are relieved from manually entering supplier invoices into the system.

It is also possible to completely automate supplier invoice creation if evaluated receipt settlement (ERS) has been agreed upon in advance with the supplier. With ERS it is not necessary to wait for the supplier to send an invoice. Instead, the system creates the supplier invoices automatically and informs suppliers of invoices created on their behalf.

Powerful, predefined reports enable users to track and monitor this highly automated supplier invoicing process.
Supplier Invoicing, Cont.

- Invoice Entry Option
  - Automatic receiving of invoices using B2B
  - Scanning of received paper invoices

- Financial Procurement
  - Resolution supported by automatic forwarding interactive forms...
  - Supplier invoicing

Graphic: Process Automation in Supplier Invoicing
Introduction: Market Trends and Challenges

With margins under constant pressure, successfully making and delivering products in a global marketplace is all about customer responsiveness, reliability, and cost control. Companies have to be both leaner and more productive.

In this environment it is vital that companies transform their supply chains from linear, sequential processes into flexible, instantly reacting supply networks with seamless collaboration between internal and external business partners at each point of possible interaction.

Enterprises need to increase visibility beyond their own company boundaries, tighten control across the entire supply network, and have the ability to react instantly to changes as they occur.

Improved visibility is also a key prerequisite for ensuring compliance with the ever-increasing number of national and international regulations.

Supply chain management processes are a core element of SAP Business ByDesign. They provide comprehensive support in the areas of planning, production, warehouse management and logistics, quality management, and product development.

The features in SAP Business ByDesign offer highly efficient integration between supply chain planning and supply chain execution, supported by powerful real-time analytics.

Companies benefit from support for integrated, end-to-end processes that connect them with their business partners and allow them to distribute process steps among all the involved parties. For example, SAP Business ByDesign has sophisticated features that allow organizations to outsource logistics to third parties while maintaining complete visibility of inventory and maintaining the integrity of purchasing, sales, fulfillment, and invoicing processes.

Optimized planning functionality makes sure that business and sales planning form the basis for strategic demand planning and forecasting, which smoothly feeds into supply planning. Business-driven exception handling frees up time for employees to concentrate on bottlenecks or business-critical issues and helps ensure that no time is wasted with routine tasks. In addition, support in SAP Business ByDesign for mobile applications and the use of auto identification increases efficiency and productivity even further.

The key capabilities of supply chain management supported by SAP Business ByDesign are:

- Comprehensive planning
- Flexible production support
- Scalable warehouse and inventory management
- Closed-loop quality assurance
- Mobile execution and automation
- Integrated product development
Introduction: Market Trends and Challenges, Cont.

Comprehensive Planning Capabilities
Flexible Production Support
Scalable Warehouse and Inventory Management
Closed-Loop Quality Assurance
Mobile Execution and Automation
Integrated Product Development
Product Definition

Graphic: Overview of Supply Chain Management in SAP® Business ByDesign®
Introduction: Market Trends and Challenges, Cont.

- Comprehensive Planning Capabilities
- Flexible Production Support
- Scalable Warehouse and Inventory Management
- Closed-Loop Quality Assurance
- Mobile Execution and Automation
- Integrated Product Development
- Product Definition

Graphic: Major Business Scenarios Supported by SAP® Business ByDesign®
Comprehensive Planning Capabilities

SAP Business ByDesign provides comprehensive planning functionality from make-to-stock to make-to-order.

It has powerful functionality for managing forecasts and directly integrating them with supply planning. It combines planning data to calculate reliable confirmations for customer orders, and updates them with any changes occurring in the supply chain in real time.

**Demand Planning**

The demand planning functions help companies create precise and stable estimates of future demand. SAP Business ByDesign captures business data in real-time from functions such as sales and manufacturing, and then places it in one data warehouse. By utilizing flexible and easy-to-use forecasting algorithms, the planner can interactively create reliable forecasts.

Using in-memory database technology, SAP Business ByDesign can process very large volumes of data quickly, enabling planners to manipulate and display data almost instantly. In addition, the solution allows data to be imported from external sources, including spreadsheets. SAP Business ByDesign can store forecasts on a weekly or monthly basis, for individual products or using a hierarchy of product groups. Forecasts can be uploaded or be calculated based on historical data.

A set of statistical models enables different demand patterns to be forecast. It is also possible to leave it to the forecasting model to optimize the settings, to obtain the best fit for the actual data.

SAP Business ByDesign allows for interactive planning in which planners can visualize, maintain, and compute forecasts. Actual data and forecasts can be adjusted and different statistical models can be executed and interactively compared, in order to fine-tune the forecast figures. Data can be viewed and corrected by product and other dimensions, such as product groups.

**Graphic: Demand Planning Business Scenario**
Comprehensive Planning Capabilities, Cont.

Supply Chain Planning and Control

SAP Business ByDesign also provides a comprehensive set of functions for computing material and capacity plans and then releasing them to production or purchasing.

The solution manages multilevel order and distribution networks through functions like multilevel planning and pegging, proactively alerting the planner and confirming delivery dates based on a product's availability.

SAP Business ByDesign collects information about all aspects of the supply chain in order to consistently coordinate the fulfillment process. As a result, it simplifies planning by providing a holistic view of the entire supply chain.

In addition, real-time information and alerting functionality help ensure planners are immediately notified of any issues in the supply network, or deviations from plan, so that they can respond quickly.

The supply planning process is divided into two parts that are generated simultaneously: the material and the capacity plan. Incoming demand provides the input for calculating the material plan and, through deduction, the capacity plan.

In SAP Business ByDesign, material requirement planning determines the pegging between demand and supply and creates supply elements to cover the net demand. The source of supply is selected based on procurement type and priority rules.
Introducing: Market Trends and Challenges

Comprehensive Planning Capabilities

- Demand Planning
- Supply Chain Planning and Control
- Planning Exceptions and Interactive Planning
- Outbound Logistics Control
- Integration and Process Automation

Flexible Production Support
Scalable Warehouse and Inventory Management
Closed-Loop Quality Assurance
Mobile Execution and Automation
Integrated Product Development
Product Definition

Graphic: Multilevel Supply Planning for Make-to-Stock and Make-to-Order Scenarios

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Comprehensive Planning Capabilities, Cont.

Planning Exceptions and Interactive Planning
SAP Business ByDesign proactively informs the planner about issues in the supply chain, such as shortages, violations of safety stock, or shortfalls in the minimum days of supply. Exceptions are accompanied by details that help to guide the planner to the best solution for correcting the problem.

The availability of multilevel pegging provides full visibility of material flows from the highest level of demand to the lowest levels of procurement processes. Users can view the pegging for individual demand or supply elements and see exactly where issues are occurring.

Planners can easily check resource capacity by analyzing resource load data. If overall capacity requirements are too high, load leveling can be used to adjust the load – for example, by moving production between machines or production lines.

Planners can easily check resource capacity by analyzing resource load data. If overall capacity requirements are too high, load leveling can be used to adjust the load – for example, by moving production between machines or production lines.

SAP Business ByDesign enables the impact of the leveling to be propagated upward, to customer orders, or downward to replenishment proposals.

Supply control functionality enables planners to efficiently hand supply proposals over to purchasing or production and trigger all the follow-up steps, making it easier to coordinate activities. Instant visibility into the relationship between planning proposals and customer orders gives clear information about the consequences of handover decisions.

Outbound Logistics Control
After being released to the supply chain management application, incoming sales orders are instantly available in supply chain planning and control. Confirmation of orders can quickly be calculated by checking the product availability against stock and supply elements.

If confirmations are missing, planners can decide to force them or select another ship-from site. Confirmations can be renewed at any time or cancelled manually.

Integration and Process Automation
SAP Business ByDesign enables all the critical supply planning and control process steps to be automated for increased productivity and efficiency.

Material requirement planning (MRP) can be performed for a set of products, and confirmations can be updated and synchronized with changes in the material plan.
Flexible Production Support

Manufacturing companies of all sizes must deal with rising material costs, decreasing profit margins, and higher customer expectations by continuously increasing their productivity. Because SAP Business ByDesign supports make-to-stock as well as make-to-order scenarios, its comprehensive production features integrate all processes from sourcing to production, warehousing to delivery.

In addition, a configurable logistic task management function provides the required information for warehouse and production tasks at the right level of detail, to the right people at the right time.

Process Flow in Production

The production features of SAP Business ByDesign cover the end-to-end process of manufacturing – from the production request to the completed production order. They include the execution and confirmation of production orders, as well as the scheduling, monitoring, and reporting of the production process.

Each production order includes all the operations and activities that are relevant to produce or assemble the finished goods. Operations are assigned to resources (such as machines) and are subdivided into activities like setup or production. Activities include the durations required for scheduling.

When the production order is released, a routing sheet is printed and production tasks are created and distributed to the responsible employees using logistic task management.

Supply operations at the beginning of production can trigger order-specific replenishment, while check operations at the end of production make sure quality inspection is carried out and documented in the system. By integrating supply, make, and check operations in the production order structure, SAP Business ByDesign helps to ensure that dedicated components are supplied at the right time.
Flexible Production Support, Cont.

**Integration and Automation**

SAP Business ByDesign combines functionality for manufacturing and warehouse execution, enabling orders, operations, and tasks in manufacturing and warehouse locations to be actively managed and coordinated at every point in time.

Companies benefit from the integration in SAP Business ByDesign since production features are integrated completely into planning, warehouse, and financials functions.

This provides complete visibility of inventory and resources, increasing flexibility of planners to react to change quickly. For further efficiency and productivity, individual users benefit from a set of automated actions provided in the solution.

In addition, SAP Business ByDesign allows mobile devices to be used for delivering and capturing information during the production process. As a result, employees who would not normally connect with the system can interact with it directly, speeding operations and increasing productivity.
Scalable Warehouse and Inventory Management

SAP Business ByDesign provides companies that have extensive warehouse and logistics operations with comprehensive warehouse functions that are directly integrated with financials. The inventory management functions address the need to value stock efficiently and accurately, supporting the ability to maintain the location of stock, current stock figures, content of logistics units (such as pallets), stock at custodians, stock in transit, blocked stock, and “individual” stock, such as batches. SAP Business ByDesign also helps companies comply with legal regulations.

**Inventory Management**

Batch management functionality allows companies to identify and specify their products in batches, typically produced as a result of a production process. Information unique to the batch includes the expiry date, production date, related material, status, and country of origin. The solution separates stocks by batches and considers the status of each batch in the warehouse, to help ensure that blocked batches won’t be picked, for example.

**Physical inventory** – the counting of a company’s inventory at least once a year – is a legal requirement. SAP Business ByDesign improves the efficiency of inventory counting. It includes processes for managing the preparation and execution of inventory counting by preparing the stock to be counted, determining the count method, and capturing the count results.
Introduction: Market Trends and Challenges

Comprehensive Planning Capabilities

Flexible Production Support

Scalable Warehouse and Inventory Management

Warehouse Design
Inventory Management
Inbound Logistics
Outbound Logistics
Third-Party Logistics
Foreign Trade

Closed-Loop Quality Assurance

Mobile Execution and Automation

Integrated Product Development

Product Definition

Scalable Warehouse and Inventory Management, Cont.

1. Unload
2. Put away
3. Replenish
4. Remove
5. Pick
6. Load

Graphic: Sample Layout of Warehouse and Production Area
Inbound Logistics

Procurement and the receiving of goods from suppliers are important building blocks of a company’s supply chain management. Delays in procurement directly impact a company’s value chain. Consequently, having supply visibility at any given point in time is essential.

SAP Business ByDesign provides end-to-end processes that manage all inbound processes consistently, including supplier deliveries, customer returns, and stock transfers.

SAP Business ByDesign allows companies to scale and stay with the same software solution as they change and grow. They can start out with straightforward processes and move to sophisticated, multistep task-based operations later.

Inbound logistics processes in SAP Business ByDesign are fully integrated into the value chain as an end-to-end business scenario. For example, in a procure-to-pay scenario, the related purchase order and invoicing items are updated when goods are received. At the same time, material inventory and financial accounting are also updated, providing accurate accounting figures and stock levels in real time.

SAP Business ByDesign also allows material inspections to be automatically initiated at the time of goods receipt. In addition, if mobile devices are being used to automate and streamline logistics processes, users can create material labels for inbound delivery items.

Outbound Logistics

Effective warehouse monitoring is essential to control warehouse activities in the short term and identify upcoming issues early. At any time, warehouse managers must have the relevant information they need to make sure customer orders can be accurately fulfilled. SAP Business ByDesign provides all the logistics processes needed to accurately send goods to external as well as internal customers (stock transfer) on time.

Outbound processes in SAP Business ByDesign can be started by a sales order, service order, stock transfer order, or a return to supplier request. No matter what triggers the outbound process, the related warehouse activities are processed in the same way. If there is no need for manual interaction, the solution initiates outbound processes automatically according to the rules that have been set.

The flexibility of modeling logistics processes allows companies to choose how they prefer to operate. The solution can be set up for simple delivery-note-centric processing or for more sophisticated warehouse task management.

Elementary packing functionality, including labeling, is provided to accelerate the outbound process. Companies enjoy the increased efficiency that comes with automation of the communications SAP Business ByDesign provides, such as advanced shipping notification (ASN), and the automated creation of business documents for intercompany processes between partner companies.
Scalable Warehouse and Inventory Management, Cont.

SAP Business ByDesign also offers full integration with ensuing processes. Quality assurance processes can be flexibly integrated into outbound processes, and partner solutions can be integrated to enable tracking of deliveries. The solution also includes operational monitoring and exception handling, enabling potential problems to be identified and rectified quickly. Reports on existing delivery data can easily be created to track historical performance and analyze trends.

Graphic: Overview of Outbound Logistics Process
Scalable Warehouse and Inventory Management, Cont.

Third-Party Logistics

SAP Business ByDesign can be connected to the external warehouse management systems of third-party logistics providers, enabling companies to extend their business processes into their supply chain and efficiently outsource logistics.

Only the warehouse management processes are outsourced, such as shipments of goods based on sales orders, goods receipt based on purchase orders, the receiving of ASNs, returns to suppliers, returns from customers, and inventory adjustments. Even export declarations can be handled by the third-party logistics provider.

SAP Business ByDesign still keeps the full purchasing, sales, and fulfillment processes including invoicing. Importantly, all inventory in the externally managed warehouse is fully visible in an aggregated view directly in SAP Business ByDesign. As a result, integrated steps, such as available-to-promise (ATP) checks are still fully supported.
Introduction: Market Trends and Challenges

Comprehensive Planning Capabilities

Flexible Production Support

Scalable Warehouse and Inventory Management

Warehouse Design
Inventory Management
Inbound Logistics
Outbound Logistics
Third-Party Logistics
Foreign Trade

Closed-Loop Quality Assurance

Mobile Execution and Automation

Integrated Product Development

Product Definition

Scalable Warehouse and Inventory Management, Cont.

Graphic: Information Flow Between SAP® Business ByDesign® and Third-Party Logistics Providers

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Scalable Warehouse and Inventory Management, Cont.

**Foreign Trade**

Companies that conduct foreign trade need to be able to fulfill regulatory requirements with the least possible effort in order to stay focused on their core business. To reduce the administrative effort involved in creating customs documents or statistical reports, the processes are highly automated. One of the key advantages of SAP Business ByDesign is that it supports local- and country-specific processes for foreign trade.

SAP Business ByDesign provides functionality for supporting foreign trade processes, in particular export handling and Intrastat, a legal requirement for all enterprises in the European Union to submit statistical data relating to their trade with other EU member states to the appropriate national authorities.

In SAP Business ByDesign, Intrastat declarations can be created manually or automatically and then issued to the authorities, such as by file upload. All transactional documents, such as inbound and outbound deliveries, are automatically checked for Intrastat relevance. As a result, the effort involved in creating Intrastat declarations is reduced to a minimum.

The solution also automatically extracts and calculates required data, such as statistical values or commodity code classifications.
Closed-Loop Quality Assurance

Quality assurance functions in SAP Business ByDesign support closed-loop quality processes right across the supply chain. The solution includes quality planning, sample management, quality control, and continuous improvement processes, focusing on defect prevention, enhanced collaboration, compliance, and sustainable quality control that lowers quality costs and enhances competitiveness.

With its integrated and comprehensive approach to recording inspection results and analyzing defects, companies can continuously improve their product and service quality.

By integrating quality assurance into all core processes, SAP Business ByDesign significantly increases efficiency and transparency and helps companies to improve compliance with legal requirements, such as good manufacturing practice and standards set by ISO.

**Quality Planning**

SAP Business ByDesign provides a comprehensive set of functions that both support the early stages of product design and development and enable companies to set appropriate quality planning strategies right across the organization.

The solution can be used to develop new products according to advanced product quality planning (APQR) or to simply improve the quality of products and internal processes.

Inspection plans serve as the basis for quality inspections. They contain inspection instructions, sampling procedures, assigned quality codes, and quality documents.

Flexible determination logic helps to ensure the most specific and appropriate inspection plans are chosen.

SAP Business ByDesign provides quality documents in several file formats and document types, such as inspection or sample drawing instructions, specifications and inspection results, technical delivery terms and so forth.

The documents can be attached to inspection plans, printed on forms or shown as embedded pictures on computer screens. When assigned to a purchase order they can be automatically transferred to suppliers.

The solution also provides quality code catalogs – structured hierarchies of quality codes, grouped according to common criteria, such as defect types, defect locations, root causes, or corrective and preventive actions. Quality codes represent unique, language-independent identifiers of a particular quality issue. They can be assigned to inspection plans and used for recording defects and analysis.
Closed-Loop Quality Assurance, Cont.

**Preparation**
- **Inspection Initiation**
  - Manually, such as at goods issue
  - Automatically, for example at production order creation

**Sampling Drawing and Preparation**
- Calculating of sample size
- Print form: Sample drawing instruction

**Execution**
- Print form: Inspection instruction:
  - Check task
  - Inspection executive

**Monitoring**
- Notes
- Documents
- Quantitative characteristics
- Summarized results

**Quality Decision**
- Final evaluation (acceptance or rejection)
- Update quality level
- Update statistics

**Follow-up Action**
- Print forms: Inspection results
- Defect and inspection analytics
- Stock adjustments

**Business Scenarios**

**Closed-Loop Quality Assurance**
- Quality Planning
- Sample Management
- Quality Control

**Mobile Execution and Automation**

**Integrated Product Development**

**Product Definition**

Graphic: Overview of the Quality Assurance Inspection Process
Closed-Loop Quality Assurance, Cont.

Sample Management
Sample management describes the process of taking samples from a larger group of parts to gain information about the quality of the entire batch.

SAP Business ByDesign includes extensive functionality for sample management, including acceptance sampling, adaptive sampling, and physical sampling:

Acceptance sampling uses sampling schemes to calculate sample sizes based on lot sizes and decide whether to accept or reject them.

Adaptive sampling in SAP Business ByDesign enables sample sizes and inspection frequencies to be modified based on the quality level of previous inspections. Inspection stages can be determined, which define whether an inspection should be performed or skipped. The solution can also use inspection probabilities, expressed as a percentage, to decide if an inspection has to be done.

With physical sampling SAP Business ByDesign collects all the information about physical samples within unique data records. These sample records make it easier to identify and label, search, describe, and record results from individual samples.
Closed-Loop Quality Assurance, Cont.

Quality Control

The quality control capabilities supported by SAP Business ByDesign enable inspections to be created and inspection results to be monitored and recorded. One of the key features in the solution is support for the ability to create an inspection automatically from an overlaying process, for example, while posting a goods receipt (planned inspection), or manually, to document unforeseen problems (unplanned inspection).

SAP Business ByDesign supports various inspection types, including receiving inspections for supplier deliveries, first articles, customer returns, and stock transfers, inspections in production for in-process control, and final production inspections, as well as inspections in the shipping processes.

Quality inspections are tightly integrated into various other areas of SAP Business ByDesign depending on the business scenario.

To guarantee traceability, a change history for inspections is maintained. The solution monitors the quality history of a product, process, or supplier, or combinations of these criteria. In addition, the solution allows organizations to view and change the inspection stages for future inspections, in order to influence inspection creation and sample-size determination, and optimize inspection costs.

Defect analysis provides detailed information about recorded defect types, showing the numbers of each defect recorded, and classifying defects into different categories. As a result, the root cause of quality issues can be analyzed efficiently.

Inspection analysis also provides detailed information on processed inspections, such as the numbers of inspections or average scores.
Mobile Execution and Automation

To stay competitive, companies need to manage their processes as efficiently as possible.

Mobile applications and process automation help deliver information to the point of need and streamline processes, improving both decision making and productivity.

SAP Business ByDesign provides shop floor mobile applications that expand the reach of information to new types of users. As a result, workers that don’t usually use computers can be actively involved in using the solution’s business processes.

To make them easy to use and fast to implement, all mobile screens are designed like those of smart phones, so users are familiar with them.

Mobile Applications for the Shop Floor

SAP Business ByDesign provides mobile support for posting goods receipts, picking of goods for shipment, moving goods within the warehouse, triggering and executing production supply, and removing finished goods from production.

The mobile user interface focuses on the information a worker needs, such as “Which material do I have to pick?” or “Where do I pick it from?” For maximum flexibility SAP Business ByDesign allows companies to start with paper-based processes and switch to mobile support when they are ready.

Depending on their needs, companies can choose between a system-guided mode (“push mode”) or a manual selection of task (“pull mode”). In system-guided mode, workers select tasks from folders to which they are assigned. In manual task selection mode, workers manually select tasks for processing. All processes can also be executed completely electronically, that is, without using paper.

To make the system as user-friendly as possible, mobile screens can be tailored to meet a company’s business process needs.

Graphic: Tailor-Made Mobile UIs for Warehouse or Shop Floor Workers
Mobile Execution and Automation, Cont.

Mobile Inspections in Quality Control

Quality inspections can be processed on mobile devices to capture defects, upload pictures, or simply record a quality decision. This functionality is currently available for the iPhone, iPad, and iPod.

Mobile inspections enable users to document quality issues without delay. No middleware is needed as the supported devices connect directly to the company’s wireless network.

Item Identification and Task Management

A prerequisite for process automation is to identify goods and be able to answer questions such as: “Which product is it?”, “What batch does it belong to?” and “What quantity is packed into the box?”

This information is usually encoded in bar codes on labels, which include descriptive information or data to identify the goods tagged with the label. For smooth collaboration with suppliers and customers SAP Business ByDesign supports the reading and writing of GS1-128, UPC-A, EAN-13, and EAN-8 bar codes. Concatenated bar codes – those containing more than one type of information (for example, product and quantity) – can also be processed.

As a result, SAP Business ByDesign helps to ensure that all business partners can read an organization’s bar codes.

The solution also allows GTINs (Global Trade Identification Numbers) to be held in the material master record, which allows bar codes from suppliers with product master data in SAP Business ByDesign to be matched. In such a case, supplier bar codes can be reused and the effort of relabeling can be eliminated.

With its task execution and folder management features, SAP Business ByDesign offers a single and uniform point of entry for organizing a worker’s daily workload across production and the warehouse.

Confirmation of tasks can either be posted on a desktop computer or with a mobile device including scanner.

SAP Business ByDesign helps to ensure that all business partners can read an organization’s bar codes.
### Mobile Executive and Automation, Cont.

- **Comprehensive Planning Capabilities**
- **Flexible Production Support**
- **Scalable Warehouse and Inventory Management**
- **Closed-Loop Quality Assurance**

**Mobile Execution and Automation**
- Mobile Applications for the Shop Floor
- Mobile Inspections in Quality Control
- Item Identification and Task Management

**Integrated Product Development**

**Product Definition**

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**Graphic:** Unified Task Management for Warehouse, Production, and Quality Assurance
Integrated Product Development

For manufacturing companies that develop their own products, it is vitally important to tightly link engineering to production. SAP Business ByDesign links the worlds of engineering and production by providing efficient data exchange between the two.

The design of a product can be entirely managed in SAP Business ByDesign. This includes maintenance of product designs, material master data, and bills of material.

In addition, SAP Business ByDesign increases engineering efficiency through the reuse of components and by significantly reducing the complexity of handling product variants, so customer requirements can be satisfied by providing product variants that exactly match market needs.

Product Engineering

Companies that design products very often use dedicated systems such as CAD, CAE, and CAM. The designs created in those systems are the basis for supply chain planning and communications with customers or suppliers. As a result, these digital designs need to be available to the rest of the organization, and changes to them need to be communicated without delay.

SAP Business ByDesign offers an integration interface to external CAx systems, which allows companies to import data from product designs generated in computer-aided systems and create bills of material and production models before handing them over to production.
Integrated Product Development, Cont.

**Versioning**

Usually product designs have different versions and several of them may be used in parallel. However, all versions of a specific product design describe the same product with regard to “form, fit, and function.”

SAP Business ByDesign supports fixed versioning and “validity date-based versioning” to control how components are used in versions.

The solution also provides a multilevel view of a product design as a hierarchy of multiple single-level product design versions and corresponding subassemblies.

**Product Designs and Production Preparation**

In SAP Business ByDesign a production planner uses bills of material and bills of operation to create a production model that is the basis for production planning and execution.

Product designs can be very similar to the bill of material used in production, but at the same time focus on the “engineering view”. A production engineer can change the structure of the product design and assign materials, or change assigned materials.

New versions or copies of a product design can easily be created. When a released product design is handed over to production, with reference to an engineering change order, it directly initiates the creation of the production bill of material.
Product Definition

Product Variants

SAP Business ByDesign has special features that support companies that have many product variants, or build custom products based on detailed customer requirements. As a result, it helps to ensure that every product is manufactured exactly as it was specified.

Product variants can be captured in sales quotes and orders, including product properties, models, and specifications. These can then be reused for future variants to be built, or for reordering an already existing product variant.

Once captured, the product variations are available within all significant subsequent processes in sales, production, and logistics.

In addition, external configuration tools can be connected to exchange product specifications between SAP Business ByDesign and external configuration tools.
Product Definition, Cont.

Definition of Product Characteristics

In SAP Business ByDesign product properties describe the characteristics a product can have. A central property catalog contains the properties, which can then be reused by different products and by other business processes, like quality management. Product models are the basis for product specifications, which are used later to actually specify products.

Product specifications specify the product variant, either in a non-formal way, by attached documents or notes, or by values assigned to properties.

A predefined product specification can be included in a sales order item or it can be created at the same time the sales order is raised. SAP Business ByDesign can be integrated with third-party configuration tools using standard Web services. Integration is mainly focused on transferring product specifications from external systems for configuration purposes. However, it also allows sales representatives to access the information for pricing and quoting.

Graphic: SAP® Business ByDesign® Offers Integration to Configuration Tools for Product Definition
Introduction: Market Trends and Challenges

Business scenarios represent the daily business of companies independent of whether they sell goods, procure services, or manufacture products. A business scenario is a set of business processes performed within or across an organization to complete an overall business function.

With SAP Business ByDesign, SAP supports business scenarios that represent a possible course of action or sequence of business processes that might involve multiple applications.

The business scenarios are modeled in SAP Business ByDesign, and customers can choose during the implementation project or later which of the scenarios are relevant for them. Business scenarios require a holistic managerial knowledge of business processes, which are supported in SAP Business ByDesign. All available business scenarios are very well documented in the business scenario explorers that are included in the solution and give users an overview of the functions available in the software.
Introduction

Business Scenarios

- Cash and Liquidity Management*
- Customer Contract Management
- Customer Return Management
- Demand Planning
- Expense Reimbursement
- Field Service and Repair
- Financial Closing
- Fixed Asset Management
- Intra-Company Stock Transfer
- Make-to-Stock*
- Marketing-to-Opportunity
- Order-to-Cash (Standardized Services)
- Order-to-Cash (Project-Based Services)*
- Order-to-Cash (Sell from Stock)*
- Order-to-Cash (Third-Party Order Processing)
- Order-to-Cash (Specified Products)
- Payroll Services

* Starred business scenarios are described in more detail and include individual process steps.
Cash and Liquidity Management

For financial professionals who want to quickly and efficiently meet cash flow deadlines and achieve better transparency to manage the company’s liquidity position, this scenario streamlines the daily cash management cycle. You can collect and aggregate liquidity information efficiently in a fast, streamlined, and automated fashion.

SAP Business ByDesign helps efficiently manage liquidity management from the actual liquidity snapshot, forecasting, and analyzing steps through to optimized cash flow from money transfers or other cash flow-impacting strategies.
Cash and Liquidity Management, Cont.

**Scenario Description**

The cash and liquidity management business scenario enables financial professionals to quickly and efficiently meet cash flow deadlines and achieve better transparency in managing the company’s liquidity position. It comprises cash flow information from payables and receivables and tax, as well as payment and liquidity management, and streamlines your daily cash management cycle by automatically collecting and aggregating this information. This scenario covers the cash flow management cycle from the actual liquidity snapshot to forecasting, and analyzes steps through to optimized cash flow from money transfers or other cash flow impacting strategies.

**Key Benefits**

Liquidity management provides the analytical framework for efficient financial value chain management including tools for bank balance reporting, liquidity monitoring, and optimizing liquidity positions.

Cash managers can easily determine, initiate, and execute required funds transfers to manage liquidity positions in terms of invest excess cash or funding liquidity shortages.

Automated processes are available for collecting information about account balances and transactions from banks, as well as internal information on collections, disbursements, and other financial activities spread across different business units within the company.

Built-in analytics and reporting help ensure smooth consolidation of the liquidity information into today’s cash position as well as various forecast worksheets. Analytical tools support a comprehensive liquidity analysis, projecting cash shortages or surpluses for a variety of reporting criteria and timelines.
Cash and Liquidity Management

Scenario Process Steps

1st Step – Processing Payables and Payments
The business process for processing payables and payments enables the processing of outgoing payments initiated either internally by your company or externally by your suppliers. Payments can be made manually or automatically via a payment run in which the system proposes the open items for payment. You then release the payments and the system posts them to accounting. You create the payment medium, either manually or as part of an automatic run. The standard work center provides checks, outgoing bank transfers, credit memos, as well as other country specific payment methods. Once the payments have been debited from the bank account, the bank statement is entered in the system, in which it is uploaded electronically or entered manually, before being confirmed. If payments are initiated externally, the bank statement provides the notification that a payment has been made. The payments are matched in the system to the open invoices before being cleared.

2nd Step – Managing Petty Cash
The business process for managing petty cash enables your company to enter all incoming and outgoing cash payments in the system. The petty cash fund always needs to contain sufficient cash for outgoing cash payments to be made. For this reason, it is possible to transfer cash between petty cash funds or between bank accounts and petty cash.

3rd Step – Processing Receivables and Payments
The business process for processing receivables and payments enables the processing of incoming payments, initiated either internally by your company or externally by your customers. The process uses country-specific payment methods. Payments can be made manually or automatically via a payment run in which the system proposes open items for payment. You then release the payments and the system posts them to accounting.

You create the payment medium, either manually or as part of an automatic run, using files for direct debit or credit card payments. When the payments are credited to the company’s bank account, the bank statement is entered in the system, either uploaded electronically or entered manually, before being confirmed. If payments are initiated externally by the customer, the bank statement provides notification of payment. The payments are matched in the system to the open invoices before being cleared.
Cash and Liquidity Management

Scenario Process Steps, Cont.

4th Step – Dunning

The dunning business process covers the automatic creation of dunning proposals. Your company can edit and release dunning proposals to send payment reminders or dunning notices to customers for overdue payments.

5th Step – Managing Cash

The business process for managing cash allows you to view the status of all payment processes in order to analyze your company’s cash balances and determine the cash position in real time. This business process prepares information and creates planned items that are processed as liquidity forecasts according to their expected value date. If necessary, your company can transfer funds between bank accounts.
Customer Contract Management

This scenario enables service contracts to be offered to customers. This is applicable for companies that may be dedicated to the managed service business, or for companies that provide contracts after the sale of a product or project. This enables a long-term revenue stream and consistent relationship with the customer.

Examples of managed services include software as a service, telecommunication services, meeting hosting services, and so on. Support contracts are offered in many industries and for many types of services.
Customer Contract Management, Cont.

Scenario Description

The customer contract management business scenario enables you to create and manage contracts related to services in the framework of your support entitlements or managed services. The scenario incorporates business functions from related areas that directly support service delivery for contracts, such as processing due items and payments in financial management. In addition, the following features are provided:

- Tight integration with service request and service confirmation processing, allowing you to fulfill and confirm services carried out for a contract
- Invoice schedules for contract items
- Price agreements for items sold on a time and material basis

Key Benefits

- Enables selling and managing contracts in SAP Business ByDesign
- Contributes to new revenue streams from managed service operations and support activities
- Manages all aspects of the contract through creation, service provisioning, renewal and cancellation, invoicing, and financial consistently to help deliver operating efficiencies
- Avoids off-line contract management and information silos by being a standard part of the business systems
- Provides complete profitability analysis of contracts so that their future pricing and service level agreements can be managed for profitability
- Provides a continued relationship with the customer for service that can help increase loyalty and provide stability to financial flows for the company
Customer Return Management

This scenario streamlines customer returns management. SAP Business ByDesign supports the entire customer returns management cycle – from delivery notification and the physical product return through to payment based on a credit memo. You can increase customer loyalty with efficient returns processes.
Customer Return Management, Cont.

Scenario Description
The customer return management business scenario enables you to process the inbound delivery of physical goods returned by a customer. It also includes compensation, such as a substitute delivery or credit memo. There are also functions for:

- Collaboration between warehouse and sales or customer service
- The return processing includes late updates of inbound deliveries, as well as transferring notes and attachments from warehouse to the return documents
- Return confirmation to the customer
- The form-based confirmation to a customer in order to inform a customer about goods receipt, references, and contacts.
- Creating and approval for credit memo
- The creation of a credit memo and the option to introduce an approval process with thresholds
- Pricing
- The restocking and quality loss fee as pricing conditions help to level or refine the amount for compensation.

Key Benefits
Well-managed returns can translate into sales opportunities.

Tracking allows companies to stay on top of each return by monitoring its logistics and refunding status, and the corresponding logistics and financial documents.

Better transparency, enabled by adherence to applicable business rules, allows you to provide accurate information for customer queries.

By identifying the reasons for returns, quality is improved.

Using return sales rate reports that show the return rate for each month of the current year helps you to monitor quality levels.
Demand Planning

For companies looking to efficiently fulfill customer demand, the planning process will effectively match demand and supply to help ensure on-time order delivery. You can interactively manage demand planning to help ensure better forecast accuracy and improve inventory levels.

SAP Business ByDesign helps to efficiently manage the demand planning process from right parameter setup, demand forecasting, and management of alternative planning methods through handover to supply planning.
Demand Planning, Cont.

Scenario Description
With the planning functions of SAP Business ByDesign organizations can predict product requirements to meet customer and production demand more accurately. SAP Business ByDesign analyzes historical patterns using leading statistical algorithms. It tests and measures accuracy to find the best predictor of demand and uses this along with known future events and assumptions to give a more accurate projected demand view. By accurately predicting needs, supply can be optimized, purchase and production plans can be harmonized, and expensive expediting, exception management, and delays are minimized.

Key Benefits
Customer service levels are increased. By supplying on time, customers can increase their reliability and reduce their inventories. Differentiated service levels can be a competitive differentiator affecting pricing and profitability.

Accurate supply planning for purchase and production orders reduces excess inventory and expensive interruptions that change supply plans.

Greater ability to optimize supply sourcing reduces a vendor’s need to carry excess inventory and expedite shipments. As a result, costs are reduced.
Expense Reimbursement

For companies who want to achieve control over their travel expenses, this scenario streamlines and automates the reimbursement cycle. You can reimburse your employees faster and monitor their business expenses and adherence to policies, while efficiently processing expense reports.

SAP Business ByDesign helps efficiently manage expense and reimbursement from expense report creation through to financial settlement.
Expense Reimbursement, Cont.

Scenario Description
For companies who want to achieve control over their travel expenses, this process streamlines and automates the reimbursement cycle. You can reimburse your employees faster, monitor their business expenses and adherence to policies while efficiently processing expense reports. Standard configuration contains all country-specific reimbursement rates and can be adapted according to the company-specific expense policy.

The process is integrated tightly with human resources, employee self-services, manager work center, payment processing, and projects.

- Claim expenses: simplified expense entry screens and prepopulated fields allow for an easy input of expense receipts.
- Review and approve expenses: configurable rules help to avoid excessive spending and provide flexibility in processing.
- Settle expenses: the reimbursement of expenses is automated via integration with payment processing.

Key Benefits
The integration with human resources, employee self-services, manager work center, payment processing, and projects streamlines the reimbursement process.

Simplified expense entry screens (according to the type of business expense) and prepopulated fields allow for an easy input of expense receipts.

Expense reporting on behalf of the employee helps ensure a timely expense settlement.

Expense reporting on mobile devices allows you to record and approve expenses wherever you are, thus helping to speed up the reimbursement cycle.

Standard configuration contains all country-specific reimbursement rates and can be adapted according to the company-specific expense policy.

Configurable rules help to avoid excessive spending and provide flexibility in processing – for example, depending on the settlement amount the review or approval can be skipped.
### Field Service and Repair

For companies providing after sales services on-site, this process is supported by alert-driven and exception-based processing.

You can increase customer satisfaction, decrease response time, lower cost to service, eliminate field service inefficiencies, reduce spare parts inventory, and improve long-term customer loyalty.

SAP Business ByDesign helps efficiently manage the field service and repair business from service request, assignment of personnel, and service fulfillment through to settlement of invoices.

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Field Service and Repair, Cont.

**Scenario Description**

The field service and repair scenario enables your service department to provide repair, maintenance, and on-site services to your customers. It provides functions to handle service requests, plan service orders and related activities, and fulfill, confirm, and invoice services. Field service and repair incorporates business functions from related areas that directly support service delivery, such as from supply chain management for spare part logistics, warehousing, and inventory, and from cash flow management for processing due items and payments. There are also enhanced functions for:

- Customer warranties, to bring transparency to your warranty business, to allow you to meet any legal requirements, and provide information on warranty related cost and profit
- Service levels, to define reaction times, specify and measure performance objectives, and designate milestones and operating hours
- Outsourcing, to offer and sell third-party services, whether you outsource your field service organization partially or completely

**Key Benefits**

- Fully integrated into the supply chain, demand planning, and logistics control for spare parts helps ensure availability, minimizing the need for large spare part inventories.
- Smooth flow of all service data from service operations to financials helps ensure that accounting is automatically updated by changes to service delivery, inventory levels, and payments.
- Efficient management of warranty entitlements speeds up processing of claims.
- Service job scheduling estimates time required to perform jobs, identifies field service team and technicians, and helps plan efficient service routes.
- Sales of third-party services are supported, including procurement and financial integration.
- Immediate invoicing after work completion is confirmed accelerates time to cash.
- Automatic product registration from outbound delivery tracks serialized products.
- There is a mobile service solution for handheld devices (Windows Mobile) via partner solution.
- Complete, built-in analytics and reporting is available on service order tracking, service costs, and profitability as well as service category analysis.
Financial Closing

For companies who need to quickly and efficiently meet financial filing deadlines and achieve better transparency and compliance, this scenario aligns payables and receivables, tax and inventory accounting, and management and general ledger accounting. You can improve financial and management reporting for regulatory compliance and increase investor confidence.

SAP Business ByDesign helps efficiently manage the end-of-period closing process from completing operational transactions and their required postings, submitting reports to tax authorities through to the creation of financial statements.
Financial Closing, Cont.

**Scenario Description**

The financial closing business scenario helps you to perform financial period-end closing activities to help ensure correct financial statements, such as balance sheets, income statements, and cash flow statements.

Other closing activities are performed in the corresponding areas separately. The system generates a closing activity list according to the company’s individual scope that can be adapted according to the requirements of month-end or year-end closing.

The accountant prepares closing by ensuring that all operational transactions are entered in the system, such as entering and paying invoices or performing physical inventory counts.

The closing cockpit supports the legal requirements and minimizes the risk of missing important steps or incorrect timing.

The accountant performs periodic valuation tasks, such as asset depreciation or foreign currency recalculation, and allocates costs and revenues to the correct periods. This helps ensure timely and compliant financial reporting and analysis.

**Key Benefits**

- Central and standardized closing procedure helps ensure the integration of each individual statement form.
- Reconciliation capabilities help prove the consistency across different business areas.
- Access to an up-to-date, comprehensive overview of the closing status promotes transparency.
- Parallel accounting functionality enables creation of financial statements that comply with appropriate accounting principles.
- Sales of third-party services including procurement and financial integration are supported.
- Employees can define closing tasks and their sequence well in advance, thereby supporting compliance and minimizing the risk of missing important steps or getting their timing wrong.
- Built-in analytics enables a drill down to capture changes and adjustments affected by closing activities.
**Fixed Asset Management**

This scenario is ideal for financial professionals who want to efficiently manage fixed asset accounting.

You can value your fixed assets in accordance with different accounting principles.

SAP Business ByDesign helps efficiently manage the entire lifecycle of your fixed assets, from their purchase or first acquisition through to retirement or sale.
Fixed Asset Management, Cont.

Scenario Description
The fixed asset management business scenario allows you to manage your fixed asset accounting. It covers the entire lifecycle of your fixed assets, from purchasing, including fixed assets under construction, through to asset retirement or sale. The solution enables you to value your fixed assets in parallel, in accordance with local and international valuation principles, tax-based valuation principles, or for statistical or cost-accounting purposes. This helps ensure continuous compliance with country-specific regulations. Throughout the fixed asset lifecycle, the values for depreciation are calculated and posted automatically and provided in various reports.

Key Benefits
- You can value your fixed assets quickly and easily in accordance with local book valuation or tax-based valuation in accordance with international accounting principles.
- Track both statistical and cost accounting information.
- Help ensure continuous compliance with country specific regulations.
- Reduce the time and energy it takes to manually perform the necessary accounting procedures, so you can focus on other tasks.
- You can track and report assets accurately in a fully integrated environment.
- Improve efficiency through greater use of automation, such as the creation of fixed asset master data records including the calculation of acquisition costs.
Intra-Company Stock Transfer

For companies with multiple sites, this process allows the transfer of stock from site to site using the outbound and inbound processes.

You can improve customer service levels while reducing overall inventory levels. Stock transfers enable smooth operations in order fulfillment and manufacturing.

SAP Business ByDesign helps efficiently manage intra-company stock transfers from order creation to outbound processing in one site and inbound processing at the other site.
Intra-Company Stock Transfer, Cont.

**Scenario Description**

The intracompany stock transfer business scenario enables you to transfer stock from one site to another site within the same company. You create the stock transfer order in the sending site manually. You then complete the outbound processing steps in the sending site in the same way as you would complete outbound processing for sales orders. When you create the outbound delivery, an advised inbound delivery notification is created at the receiving site automatically. You then complete the inbound processing steps at the receiving site in the same way as you would complete inbound processing for purchase orders.

**Key Benefits**

A material flow analysis and exception-driven approach provides planners with comprehensive decision support.

Goods in transit can be checked in the stock overview. This in-transit stock is valued across the whole stock transfer process. It belongs to the stock of the sender until it arrives at the receiver and is posted into the receiver’s stock. Naturally both sender and receiver belong to the same company in this scenario, meaning that the stock value at company level does not change.

When you create the outbound delivery, an advised inbound delivery notification is created in the receiving site automatically.

There are built-in analytics and reports such as stock overview, confirmation journals, and batch where-used lists.
Make-to-Stock

For companies that produce and sell products from inventory, this process integrates planning, production, and warehouse management to enable lean manufacturing and keep inventories low. You can increase customer satisfaction and grow profits by using forecasting to make sure the right amount of inventory is available.

SAP Business ByDesign helps efficiently manage make-to-stock production environments from demand planning and forecasting, through to production and warehousing to accounting.
Make-to-Stock, Cont.

**Scenario Description**

The make-to-stock scenario enables your company to produce goods and place them in stock. Your customer demands, such as sales orders or service orders, can then be covered using this existing stock. You define demand management procedures to define the appropriate make-to-stock strategies that best suit your company’s business requirements.

Using forecast demand, you can plan for periodic demand. Customer demands are then covered by this produced or procured stock and consume the forecast demand according to the predefined demand management procedures.

Multilevel supply planning ensures that the goods receipts for all required products, including product specifications, are planned on time. In turn, that means you can trigger the creation of purchase orders and production orders on time. If all required components are in stock, you only need to create production orders. Releasing the production order triggers the creation of a production lot and all the necessary production tasks (supply, make, and check) required to commence execution. You use check tasks to help ensure the quality of your produced products.

When the final confirmation is complete, the system automatically posts the produced stock to the predefined production output area and triggers inventory and financial accounting updates. From here you use remove tasks to transport the stock to the warehouse.

**Key Benefits**

Supply planning is closely integrated with production and purchasing to facilitate the seamless handover of production and purchasing proposals for execution.

A material flow analysis and exception-driven approach provides planners with comprehensive decision support. Multilevel material planning, capacity planning, and load leveling can be executed.

Production and warehouse are based on a unified location layout which enables demand and consumption-based replenishment to be more efficient, helping to ensure on-time material provisioning for production.

Production workers are supported by comprehensive task management, which guides them through their daily tasks with detailed work instructions.

Automatic inventory valuation is possible for raw materials, WIP, and finished products.

There are built-in analytics and reports like stock overview, confirmation journals, and batch where-used lists.
Make-to-Stock Scenario Process Steps

1st Step – Planning Supply

The business process for planning supply enables your company to effectively carry out material and capacity planning. You are provided with an up-to-date overview of the demand and supply situation for either a product and supply planning area combination, or a product, product specification, and supply planning area combination. The multilevel planning run calculates the required supply and then creates the supply and demand pegging network accordingly, also taking into consideration the selected product specification. If a planned order is created manually, a product specification must be provided for specified products.

If there are planning issues, the system raises exceptions to alert you. You can then decide what action to take – for example, you can manually create or update planning proposals. The load leveling function is also available to verify the feasibility of the supply plan and level out the load if it is not possible to increase capacity.

2nd Step – Initiating Production

The business process for initiating production enables you to create production requests based on production proposals, create and schedule production orders, release production orders, and assign production tasks to responsible employees.

At production order creation, a quality inspection will be created if a check operation is available in the related production model, and at production order release, the related inspection will be released. A check task will be created upon production order release to enable the quality inspection to be performed.
3rd Step – Executing Production

The business process for executing production provides you with all the tools you need for an effective production process. The production tasks are forwarded to task folders where they are processed by the responsible employees. The tasks contain all the information required for production. Three types of production task exist – supply, make, and check – enabling integrated supply to production, make, and inspection processes. During the execution process, monitoring tools are available providing a complete picture of the status of the execution process. To complete production execution, you record your results using the confirmation functions. The confirmation captures and saves the execution data, such as material flow and activities data, and triggers inventory and financial accounting updates.

4th Step – Processing Inspections

The business process for processing inspections in production allows you to process, monitor, and analyze inspections of products. As part of this process you draw and prepare samples, execute the inspection, record results, confirm activities and quantities make a decision about the quality of the inspected goods, and, if necessary, trigger corrective or preventive actions. Quality inspections are triggered automatically by the system and can be processed via a check task. They are initiated by an overlying business process, such as the production process.
Marketing-to-Opportunity

This scenario helps companies to control marketing and sales processes to shorten the sales cycle. SAP Business ByDesign supports you from the market development, campaign management, lead generation, and lead qualification phases through to the opportunity creation phase. You can execute targeted campaigns to generate more leads, shorten the lead cycle, and improve the conversion rate into opportunities, as well as reduce the cost of sales and marketing.
Marketing-to-Opportunity, Cont.

Scenario Description

The marketing-to-opportunity business scenario enables you to manage marketing and presales activities with the goal of generating new business for customers and prospects. You can run campaigns, capture responses, generate leads, manage opportunities, and initiate and track related sales activities. Alternatively, you can use this business scenario without campaigns, which means that no marketing department is involved, and leads and opportunities can be created without using a campaign.

You can capture responses using Microsoft Outlook integration, which allows e-mails to be assigned to specific campaigns directly in Microsoft Outlook and to be synchronized with SAP Business ByDesign. In addition, the pipeline simulation feature provides an interactive combination of graphic and table lists of the opportunities. What is more, the what-if analysis simulates how changes would affect your pipeline.

Key Benefits

- Capturing, monitoring, storing, and tracking information relating to customers, prospects, and partners to optimize contact management, account planning, market segmentation, and relationship management
- Campaign management and response handling to allow follow-up activities
- Streamlined lead and opportunity management to support the end-to-end scenario
- Managing forecasts to help ensure the fulfillment of sales quotas
- Microsoft Outlook integration to synchronize e-mails and capture campaign responses, calendar entries, business partner data, and tasks in Microsoft Outlook
- Built-in analytics and reporting lead funnel, opportunity pipeline, and win-loss analysis
Order-to-Cash (Standardized Services)

For companies selling professional services, this process aligns customer relationship management and service delivery with financial and management accounting. You can boost speed to revenue, decrease the cost of selling and delivering services, increase your profitability, and improve customer satisfaction by delivering on time and on budget.

SAP Business ByDesign supports the entire order-to-cash business from order management and order fulfillment through to settlement of invoices.
Order-to-Cash (Standardized Services), Cont.

Scenario Description
The order-to-cash (standardized services) business scenario enables you to sell services, with functions to handle quotes, create sales orders with service items, plan the service execution, fulfill, confirm, and invoice the services sold. The selling of services can be the main line of business or as value-added services for physical goods. In addition, the following features are provided:

- Automatic order creation from lead, opportunity, quote, or external systems
- Approval process for sales quotes based on thresholds
- Flexible price determination
- Use of credit cards with integration to financial service providers
- Credit limit checks based on account balance and new orders
- Outsourcing of field services to third-party service providers

The scenario incorporates business functions from related areas that directly support service delivery, such as processing due items and payments in financial accounting.

Key Benefits
Integrated business scenarios are supported for customers focusing on professional services from order capturing via execution to financial and management accounting.

Integrated resources for estimating job time requirements and labor cost are provided, as well as for planning optimal service routes. Expense items can be tracked and invoiced within quotes and sales orders.

Early margin information based on sales orders explain the decline/increase of sales growth.

A scalable process for revenue recognition supports different accounting principles.

Shop integration supports catalog management, e-commerce account management, and e-commerce order management with online payment processes and credit card handling.

Sales of third-party services include procurement and financial integration of third-party costs.

Built-in analytics enables a drill down to the profit-and-loss result alongside dimensions like products, customer groups, and distribution channels.
Order-to-Cash (Project-Based Services)

This scenario integrates customer relationship management, project management, and service delivery with financial and management accounting to enable companies to sell professional services. It also supports project lifecycle capabilities to help manage and deliver services.

SAP Business ByDesign supports the entire order-to-cash scenario from order management, project management, and time and expense recordings through to the settlement of invoices. You can boost speed to revenue, decrease the cost of selling and delivering services, increase your profitability, and improve customer satisfaction by delivering on time and on budget.
Order-to-Cash (Project-Based Services), Cont.

### Scenario Description

The business scenario for order-to-cash (project-based services) is used to manage the complete end-to-end process of selling project-based services to customers. This scenario integrates sales quotes and sales orders with project management, allowing you to create customer invoices for time and expenses recorded against a customer project. Invoices can be created on a time and materials basis, a fixed-price basis, or a combination of both. After the customer invoice has been issued, customer payments can be monitored. This scenario also supports the analysis of project profitability based on project costs and revenues.

### Key Benefits

- Integrated business scenarios are supported for customers focusing on professional services from order capturing, engagement execution to financial and project accounting.
- Project lifecycle provides a holistic view of projects, from project planning and execution to project billing and project controlling, including powerful analytics.
- Integrated resources are provided for estimating job time requirements and labor cost as well as planning optimal service routes. Expense items can be tracked and invoiced within quotes and sales orders.
- Boost sales through sales of third-party services including procurement and financial integration of third-party costs.
- Project billing and revenue management are supported, either time-and-expense or fixed-price billing.
- Accurate information is available on already billed and unbilled time and expenses.
- A scalable process for revenue recognition supports different accounting principles.
- Built-in analytics and reporting provides an accurate view of point-in-time project cost and revenues, which leads to more profitable business.
Order-to-Cash (Project-Based Services)
Scenario Process Steps

1st Step – Creating Sales Quotes
The business process for creating sales quotes enables you to create a sales quote with fixed terms and price conditions when a customer requests an offer for products or services. The sales quote can also be generated out of an opportunity or lead. You enter the necessary details into the sales quote such as the account, the products or services. If product availability should be checked, you also need to enter the requested date. Additional free text can be entered as well. The cost of sales can be determined using product valuation, which enables you to evaluate the profitability of the sales quote. Price and discount adjustments can be made in the sales quote. After the sales quote has been created, it needs to be submitted to the customer. A sales quote form will then be sent to the customer depending on the output settings.

2nd Step – Creating Sales Orders
The business process for creating sales orders enables you to create an order with fixed terms and price conditions when a customer orders products or services. The order can be generated out of a quote and copies all conditions from the quote to the order. Then you enter the necessary details into the order such as the account, the products or services, the requested data, or free text for customer information. The product availability will be checked and visualized depending on the requested product quantity, requested date, and the delivery rule of the customer. The cost of sales can be determined using product valuation, which enables you to evaluate the profitability of the order. After the order has been created it needs to be released. You have the option of sending an order confirmation to the customer. An order confirmation form will then be sent to the customer depending on the output settings. The sales order can also automatically be generated through business-to-business communication.

3rd Step – Planning Projects
The business process for planning projects enables you to create, plan, and structure your project, as well as your project team setup and staffing.

4th Step – Executing Projects
The business process for executing projects includes the project release with baseline creation, refinement of the project plan, team setup, and staffing.

5th Step – Creating Invoice Requests
The business process for creating invoice requests enables you to create an invoice request for project-related time and expenses and release the invoice request to customer invoicing.
Order-to-Cash (Project-Based Services)
Scenario Process Steps, Cont.

6th Step – Creating Customer Invoices
In the business process for creating customer invoices, the system automatically creates items to be invoiced after services have been performed or products delivered. You must transfer these items to an invoice, which is sent to the customer and passed to cash flow management. You can do this manually or with an invoice run. It is possible to combine several items to be invoiced into one invoice or split them into several invoices.

7th Step – Processing Receivables and Payments
The business process for processing receivables and payments enables the processing of incoming payments, initiated either internally by your company or externally by your customers. The process uses country-specific payment methods.

8th Step – Payment Run
Payments can be made manually or automatically via a payment run in which the system proposes open items for payment. You then release the payments and the system posts them to accounting. You create the payment medium, either manually or as part of an automatic run, using files for direct debit or credit card payments. When the payments are credited to the company’s bank account, the bank statement is entered in the system, either uploaded electronically or entered manually, before being confirmed.

If payments are initiated externally by the customer, the bank statement provides notification of payment. The payments are matched in the system to the open invoices before being cleared.

9th Step – Closing Projects
The business process for closing projects enables you to close the project once it is completed.
Order-to-Cash (Sell from Stock)

This scenario streamlines the entire order-to-cash process for companies that sell from stock and wish to fulfill rising customer demands for service and value. You can become more profitable by responding efficiently to customer demand based on real-time availability information, growing revenue while decreasing cost of sales. SAP Business ByDesign helps efficiently manage the order-to-cash process from opportunity management and order fulfillment through to financial settlement.
Order-to-Cash (Sell from Stock), Cont.

Scenario Description

This scenario enables you to sell goods from stock using a wide range of standard features to handle sales quotes, sales orders, deliveries, customer invoices, and payments. This scenario includes features such as:

- Available-to-promise (ATP) check – the system informs you of whether the products can be delivered at the requested date and in the requested quantity.
- Pricing – the system determines prices and discounts automatically. You can also enter these manually, if required. The system can support you by displaying the cost and profit margin.
- Credit card – sales order processing supports payment by credit cards with integration to payment service providers.
- Credit limit check – you can minimize credit risk by specifying a credit limit for a customer. If a credit limit in an order is exceeded, a delivery block is set automatically.
- Automatic order creation – a sales order can be created on the basis of a lead, opportunity, or sales quote, or through an e-shop or B2B interface (external system).

Key Benefits

Sales assistant function helps you best convert opportunities into business.

Automatic quote and order generation, processing, and flexible pricing management is supported.

The product availability check helps ensure reliability and accuracy of the confirmation data by checking customer requirement against the stock on hand and the product supply situation.

Integrating operational processes with master data helps ensure consistency between orders, shipments, and invoicing.

A scalable process for revenue recognition supports different accounting principles.

Built-in analytics enables a drill down to the profit-and-loss result alongside dimensions like products, customer groups, and distribution channels.
Order-to-Cash (Sell from Stock) Scenario Process Steps

1st Step – Handling Incoming Customer Inquiries
The business process for handling an incoming customer inquiry enables you to manage the arrival of incoming customer inquiries via various input channels such as phone, e-mail, or the Internet. During customer interactions, it is essential to know who you are dealing with. To quickly identify the account and contact, there are several possibilities, such as automatic identification based on the telephone number of an incoming call, or you can enter the name of a caller manually in a Google-like search.

2nd Step – Creating Sales Quotes
The business process for creating sales quotes enables you to create a sales quote with fixed terms and price conditions when a customer requests an offer for products or services. You can also create the sales quote on the basis of an opportunity or a lead. You enter the necessary details in the sales quote such as the account and the products or services. If product availability should be checked, you also need to enter the requested date. You can also enter further customer information as additional text. The cost of sales can be determined using product valuation, enabling you to evaluate the profitability of the sales quote. Price and discount adjustments can be made in the sales quote. After the sales quote has been created, it is submitted based on the output settings.

3rd Step – Creating Sales Orders
The business process for creating sales orders enables you to create a sales order with fixed terms and price conditions when a customer orders products or services. The order can be created on the basis of a quote, copying all conditions from the quote to the order, or you enter the necessary details in the order such as the account, the products or services, the requested data, and customer information as additional text. The product availability is checked, and the system informs you of availability. The system can determine the cost of sales using product valuation, enabling you to evaluate the profitability of the order. After creating the order, you release it to logistics. An order confirmation form can be sent to the customer, depending on the output settings. The sales order can also be generated automatically through business-to-business communication or a connected e-shop.

4th Step – Initiating Outbound Delivery
The business process for initiating outbound delivery enables you to manually perform available-to-promise checks for sales order items. Depending on the current situation the system might change the source of supply for the sales order. By releasing the confirmed scheduled lines to logistics execution you initiate the outbound delivery process.
Order-to-Cash (Sell from Stock)
Scenario Process Steps, Cont.

5th Step – Processing Outbound Deliveries
Depending on the complexity of your warehouse processing, processing outbound delivery can help you coordinate your outbound logistics activities with or without task support from the system. It helps you to efficiently control and manage outbound deliveries from the time a delivery proposal is received to the moment it is delivered to your customer or returned to your supplier. With the release of the outbound delivery, the system prints a delivery note or sends an ASN automatically. The business process for processing outbound delivery still allows the warehouse manager to manually make changes or create tasks for the warehouse worker.

6th Step – Creating Customer Invoices
In the creating customer invoices business process, the system automatically creates items to be invoiced after services have been performed or products delivered. You must transfer these items to an invoice that is sent to the customer and passed to cash flow management. You can do this manually or with an invoice run. It is possible to combine several items to be invoiced into one invoice or split them into several invoices.

7th Step – Processing Receivables and Payments
The business process for processing receivables and payments enables the processing of incoming payments, initiated either internally by your company or externally by your customers. The process uses country-specific payment methods. Payments can be made manually or automatically via a payment run in which the system proposes open items for payment. You then release the payments, and the system posts them to accounting. You create the payment medium, either manually or as part of an automatic run, using files for direct debit or credit card payments. When the payments are credited to the company’s bank account, the bank statement is entered in the system, either uploaded electronically or entered manually, before being confirmed. If payments are initiated externally by the customer, the bank statement provides notification of payment. The payments are matched in the system to the open invoices before being cleared.
Order-to-Cash (Third-Party Order Processing)

This scenario enables companies to sell products that will be shipped directly from the vendor to the customer without the need to carry the product in stock. This will enable a customer’s complete needs to be met by the company without the customer having to wait for product to be reshipped after being received from the vendor. As a result, it helps to stop losing business to another company that can fulfill the need immediately.

The company can now offer a broader range of products than those in inventory and make margin on product that is not carried in stock.
Order-to-Cash (Third-Party Order Processing), Cont.

Scenario Description
The order-to-cash (third-party order processing – material) scenario enables your company to create sales orders that are used to ship products, with or without a product specification, to your customer directly from a supplier rather than from your own company. A third-party purchase request is created automatically when you release a sales order for a product to which purchasing contracts or list prices have been assigned in the system. The third-party purchase order can be created automatically or manually. You can enter the supplier’s confirmation data in the system when they send the delivery notification. Based on this third-party delivery, supplier invoicing and customer invoicing is triggered. You can use the order-to-cash (third-party order processing – material) scenario if you always ship directly from a supplier or if you only ship directly from a supplier in exceptional cases.

Key Benefits
Meet a customer’s full needs by the company even when product is not held in stock.

Help prevent customers from going to competitors that may sell the product.

Third-party order processing reduces overall supply chain costs by eliminating transportation, warehousing and shipment, and administration of fulfillment of the third-party product.

Get support for all required process steps to execute and monitor the third-party order processing process.

Use automatic quote generation, processing, and flexible-pricing management.

Integrate operational processes with master data to help ensure consistency between orders, shipments, and invoicing.

A scalable process for revenue recognition supports different accounting principles.

Built-in analytics enables a drill down to the profit-and-loss result alongside dimensions like products, customer groups, and distribution channels.
Order-to-Cash (Specified Products)

For companies who sell customized or low-volume products and are challenged by rising customer demands for service and value, this scenario streamlines the entire order-to-cash process. You can become more profitable by responding efficiently to customer demand based on real-time availability information, thereby growing revenue while decreasing cost of sales.

SAP Business ByDesign helps efficiently manage the order-to-cash process from order management, planning production, and warehousing through to financial settlement.
Order-to-Cash (Specified Products), Cont.

Scenario Description

The order-to-cash (specified products) business scenario enables your company to produce and sell products for a specific customer demand. You can create a sales quote or sales order with a product specification that includes customer-specific requirements, plan the multilevel demand for a sales order item, and create supply for the required products. You can order and receive materials based on requirements from the customer, release the production order, and create production tasks. During task confirmation, the solution helps ensure that only those materials that were replenished for a specific customer demand are consumed. Output products are always confirmed as specified stock. A final inspection identifies if any of the units do not conform to the customer requirements. You can post a goods issue. The system creates an outbound delivery and the products are shipped to the customer. An invoice is created based on the outbound delivery and the system updates financial accounting.

Key Benefits

Product specifications allow companies to easily define and maintain individual customer requirements and product variants and are fully integrated into the end-to-end business process from sales order entry through supply planning, production, and procurement to outbound delivery.

The product specification is a permanent document that can be used multiple times, helping to reduce master data management effort.

The product carrying costs are reduced as over production or returns can be identified by the system and then reused to cover new specific customer demand.

Quality inspection is integrated with the production process.

Manage identified stock (batches, lots) or restricted inventory.

Gain automatic inventory valuation for raw materials, WIP, and finished products.

A scalable process for revenue recognition supports different accounting principles.

Built-in analytics enables a drill down to the profit-and-loss result alongside dimensions like products, customer groups, and distribution channels.
Payroll Services

This scenario is ideal for HR executives who need to set up and manage scalable, accurate, and efficient payroll processes in a country-compliant manner. You can deploy workforces regionally or internationally, control payroll costs, perform company-wide compensation planning, and improve the accuracy of your company’s time reporting.

SAP Business ByDesign integrates compensation planning and time recording into payroll processing and allows for accounting records to be updated.
Payroll Services, Cont.

Scenario Description

The payroll services business scenario is designed to efficiently support the payroll process with an external payroll system. Payroll services combines the advantages of an internal payroll – transparency, monitoring, and controlling – with the advantages of an outsourced payroll – lower costs, higher efficiency, and lower risk of liability. In the business process outsourcing (BPO) scenario of payroll services, the payroll provider takes care of tax calculations and remittance, and initiates the salary payments to employees reducing your administrative overhead. Additionally, payroll services provides you with a preview of all payroll input data enabling you to validate the data within the payroll snapshot and correct it when necessary, giving you full control over the payroll before the payroll calculation has started.

Key Benefits

Support for global payroll outsourcing means that payroll is run accurately, on time, and in compliance with country regulations.

Recording functions are integrated with project management and financials to simplify resource allocations, payments, and profitability analysis.

Automated payroll processing reduces the costs of HR services.

Tight integration of outsourced payroll optimizes collaboration and efficient communication with payroll provider.
Physical Inventory Management

For companies that want to optimize the management of their physical inventory, this scenario enables them to perform item counting, including approval processes and automatic financial postings, more efficiently. By improving the efficiency and timeliness of the physical inventory processes, you improve your inventory accuracy.

SAP Business ByDesign helps you to effectively manage the entire item counting process from count task initiation, actual counting, auditing, and recounting through to financial posting and reporting.
Physical Inventory Management, Cont.

Scenario Description

The physical inventory management business scenario enables you to count the physical inventory in your warehouse and is supported by count tasks. The warehouse manager creates a count document, and then the system automatically creates count tasks. Each count document can contain a number of count tasks, which an assigned warehouse operator accesses from physical inventory task folders. This helps to organize the counting-related work in your warehouse. You can monitor the counting process and preview detailed information about the progress and status of count items and count documents. You can view the counting results, including any differences when compared to the book values. With this detailed information, you can quickly see and react to deviations as they occur and initiate appropriate follow-up actions, such as requesting recounts. Once you approve a count document, the system updates the inventory and the inventory records of your finance department.

Key Benefits

- Count by logistics area and product.
- Count of empty bins is possible.
- Completeness of an annual physical inventory count can be cross-checked with the stock overview report.
Procure-to-Pay (Non-Stock)

For companies seeking greater sourcing effectiveness and procurement efficiency, this process provides complete transparency in order to keep customer commitments. You can grow profits by building an integrated, demand-driven supply chain.

SAP Business ByDesign helps efficiently manage the procure-to-pay process, from assigning the source of supply and procurement management through to matching shipments with invoices.
Procure-to-Pay (Non-Stock), Cont.

Scenario Description

The procure-to-pay (non-stock) business scenario allows you to purchase non-stock materials, such as office material, engineering sample material, or fixed assets. This scenario can be triggered by employees or assistants who create shopping carts, by project teams who need non-stock materials for projects, by buyers directly through purchase orders or requests for quotation (RFQ), or by accounts payable accountants in supplier invoices. Deliveries can be confirmed centrally or remotely. Costs for project-related non-stock materials are directly transferred to project tasks in financial accounting. If a catalog, purchasing contract, or list price for a non-stock material exists, a purchase order can be created automatically. If no source of supply exists, you can send RFQs to determine appropriate suppliers. With this scenario you can also order non-stock materials to cover customer demands by using sales orders or service orders to trigger third-party procurement.

Key Benefits

- Automated sourcing and purchase order creation can be tailored to your business.
- Automated invoice verification means user interaction is only needed for exception handling.
- Workload monitoring and reporting drives process transparency supported by spend analytics.
- Integrated SAP Interactive Forms software provides collaboration support.
- Payments to suppliers are highly automated to achieve the highest possible payment discounts, taking the current liquidity situation into consideration.
- Built-in analytics enable the purchasing department to supervise the full supplier lifecycle by monitoring the supplier base.
Procure-to-Pay (Services)

For companies who staff their projects with external resources, this process integrates service procurement for improved project execution and greater customer satisfaction. You can grow profits by utilizing integrated service procurement and time confirmation processes.

SAP Business ByDesign helps efficiently manage the procure-to-pay process from project planning, service procurement, job execution, and time recording through to financial settlement.
**Procure-to-Pay (Services), Cont.**

**Scenario Description**

The procure-to-pay (services) business scenario allows you to procure services, such as consulting and training services, temporary labor, or engineering services. It can be triggered by employees who create shopping carts for services, by project managers who need a certain service for their project, or directly by the buyer using a purchase order. Project-related services are usually recorded in a time sheet, and the costs are directly transferred to the project tasks in financial accounting. If a purchasing contract or a list price for the ordered service exists, the purchase order can be created automatically. If no source of supply exists, a request for quotation can be sent out to determine an appropriate supplier. Alternatively with this scenario, it is possible to order external resources to provide services for customer demands that cannot be fulfilled by internal employees. In this case, the procurement process is triggered when a sales order or a service order has been created.

**Key Benefits**

- Automated sourcing and purchase order creation are triggered from the project.
- Efficient collaboration is possible with all parties involved in your project, within your company and beyond.
- You can record time, monitor, and confirm work performed by external service providers.
- Payments to suppliers are highly automated to achieve the highest possible payment discounts taking the current liquidity situation into consideration.
- Built-in alert and exception handling allow fast handling of non-standard requests.
- Built-in analytics enables the purchasing department to monitor the lifecycle of the external service provider.
Procure-to-Pay (Services) Scenario Process Steps

1st Step – Processing Shopping Carts

The business process for processing shopping carts enables your employees to independently create and track shopping carts to request non-stock materials and services. They can also confirm, cancel, or return goods and services receipts from the shopping carts. The costs for these products can be assigned to a cost center, project, sales order, or service order. The information in these shopping carts is sent for approval, if required, and then transferred into purchase requests for the purchasing department. It is possible for a requester to withdraw a shopping cart from approval. Requested items can also be canceled.

2nd Step – Processing Purchase Requests

The business process for processing purchase requests enables you to monitor incoming purchase requests and to add or change relevant data in order to transfer purchase requests into purchase orders. You can assign missing sources of supply, such as contracts, list prices, or already existing purchase orders, and then either order the assigned purchase requests or bundle multiple assigned purchase requests into one or more purchase orders. If there is no source of supply to be found, you can find appropriate sources of supply using a request for quotation. The process can have multiple degrees of automation.

3rd Step – Processing Requests for Quotation

The business process for processing requests for quotation enables your purchasing department to bundle your company’s purchasing requirements and to find appropriate sources of supply for the materials and services required. This includes finding sources of supply for purchase requests, for example, and for the negotiation of new or expiring purchasing contracts.

You can invite new or existing suppliers to participate in requests for quotation and compare the quotes received easily in the system to determine the most suitable supplier for your requirements. Once you have determined the winning quote, the bidders are notified about the outcome of the request for quotation process and follow-up documents, such as purchase orders or contracts, can be created.
4th Step – Processing Purchase Orders

The business process for processing purchase orders enables you to work on automatically created purchase orders, or manually create a purchase order with or without reference to a contract or a list price. You can also search in a supplier catalog for the products to be ordered. The purchase order can contain stock material with or without product specifications, services, or non-stock material that can be ordered for different purposes (for example, for cost centers, projects, or as an individual material within an asset procurement process). You can also create third-party purchase orders for materials and services manually, which can be assigned to sales orders, service orders, or customer projects. If all relevant data is maintained, the purchase order is sent to the supplier, which can also be an affiliated company that uses either SAP Business ByDesign or SAP ERP. It is also possible to put an approval procedure that depends on the purchase order value in place. Optionally, a purchase order acknowledgment can be used. The process can have multiple degrees of automation.

5th Step – Confirming Goods and Services Receipts

The business process for confirming goods and services receipts enables you to create goods and services receipts for non-stock materials and services and related expenses. You can manage and track the delivery of materials and the completion of services in the system.

In cases where services have been completed and time sheets have been created by service agents in time and labor management (TLM), goods and services receipts are created automatically from the time sheet entries. When you post the goods and services receipt, the system automatically forwards the data to financials and posts it there. Goods and services receipt processes do not support the receipt of stock materials. The supply chain management part of the solution supports the receipt of stock materials into your warehouse through its inbound processes.

6th Step – Processing Supplier Invoices

The business process for processing supplier invoices enables you as an accountant to enter, verify, and post invoices, credit memos, and down payment requests that you receive from your supplier by fax or by mail. Alternatively, your supplier, which can also be an affiliated company, can send you these documents electronically as XML messages. An automated invoice verification process compares all supplier invoices with their corresponding purchase documents, if available. You can also charge supplier invoice items to partner companies, and you can distribute additional costs, such as freight, among all other supplier invoice items. When the supplier invoice is complete and correct, you post it. The supplier invoice is then used to pay your suppliers. If relevant, the system also creates new fixed assets automatically.
Procure-to-Pay (Services) Scenario Process Steps, Cont.

7th Step – Processing Payables and Payments

The business process for processing payables and payments enables the processing of outgoing payments initiated either internally by your company or externally by your suppliers. Payments can be made manually or automatically via a payment run in which the system proposes the open items for payment. You then release the payments and the system posts them to accounting. You create the payment medium, either manually or as part of an automatic run.

The standard work center provides checks, outgoing bank transfers, credit memos, as well as other country-specific payment methods. Once the payments have been debited from the bank account, the bank statement is entered in the system, where it is uploaded electronically or entered manually before being confirmed. If payments are initiated externally, the bank statement provides the notification that a payment has been made. The payments are matched in the system to the open invoices before being cleared.
Procure-to-Pay (Stock)

For companies seeking greater sourcing effectiveness and procurement efficiency, this process provides complete transparency in order to keep customer commitments while balancing stock levels with demand. You can grow profits by building an integrated, demand-driven supply chain.

SAP Business ByDesign helps efficiently manage the procure-to-pay process from assigning the source of supply, procurement management, and logistics through to matching shipments with invoices.
Procure-to-Pay (Stock), Cont.

Scenario Description
The procure-to-pay (stock) scenario enables you to purchase stock products, including those based on product specifications, based on a requirement that can be generated from a planning system, such as a materials requirements planning (MRP) system. It covers all stages of the procurement process, from demand planning and creation of a purchase order through automatic or manual assignment of sources of supply, sending the purchase order to a supplier, to goods and services receipt, invoice verification, and payment.

Key Benefits
- Automated sourcing and purchase order creation, which can be tailored to your business
- Automated Invoice verification where user interaction is only for exception handling
- Workload monitoring and reporting that drives process transparency supported by spend analytics
- Alerts and exception handling for fast handling of nonstandard requests
- Integrated SAP Interactive Forms software for collaboration support
- Payments to suppliers that are highly automated to achieve the highest possible payment discounts taking the current liquidity situation into consideration
- Built-in analytics that enable the purchasing department to supervise the full supplier lifecycle by monitoring the supplier base
Product Catalog Management

This scenario allows companies to leverage standardized supplier data that can be used in product catalogs. It enables you to become more efficient by using products from authorized product catalogs.

SAP Business ByDesign helps you to efficiently manage your product catalog throughout the entire cycle, from setting up catalogs with your own or your supplier’s data through to publishing them and using them in purchase orders, shopping carts, quotation requests, or goods and service receipts.
## Product Catalog Management, Cont.

### Scenario Description
The product catalog management business scenario allows your company to use catalogs to centrally manage non-stock materials that are required for use such as office materials, engineering sample materials, computer systems, or machines. The scenario is not for products to be held in stock since they can be procured directly for an account assignment. A catalog can be managed by buyers, who create their own internal catalogs and access external catalogs provided by suppliers using the open catalog interface (OCI). It also allows your company to specify the default suppliers and product categories for the catalogs. Published catalogs can be used in other procurement scenarios.

### Key Benefits
- Provides faster access to product information and makes a large number of products available to users.
- Supports self-services and empowering employees to make smarter purchases.
- Increases automation in purchasing, including setting catalog defaults for frequently purchased items.
- Reduces workload for professional buyers, since employees can browse the catalogs themselves.
- Enables professional buyers to define company-wide sources of supply and helps to ensure that employees stick to the defined sources of supply.
- Helps to lower prices with a higher purchasing volume.
- Enhances catalog content with elements such as pictures and technical documents that make it easy to quickly identify the right product.
Product Definition

This process is for companies that want to increase engineering efficiency through reuse and variant management. You can increase customer satisfaction and lower costs by defining your products in terms of possible variants, as the production process can be streamlined when variants are known in advance. The overall complexity of handling too many products is also reduced.

SAP Business ByDesign helps efficiently manage the definition of product properties to describe all possible variants of a product. Sales are supported when specifying the product variant ordered by the customer.
## Product Definition, Cont.

### Scenario Description

The product definition business scenario allows you to specify the product that you have sold to your customer and helps ensure that you build the product exactly as it was specified. This is particularly relevant when your company offers products that come in many variants or when it offers custom-built products described by detailed customer requirements. Product definition supports the streamlining of your product portfolio and production, helping you meet customer requirements for delivered products and reduce product master management effort. You can define possible product variants by product properties, product models, and product specifications and reuse them.

Product properties describe the features a product can have, while product models describe the possible variations of a product. Product specifications describe individual customer requirements or products variants. You can create product specifications within SAP Business ByDesign or import them from an external system.

### Key Benefits

- Product master data can be managed centrally and remotely in all relevant aspects, such as sourcing, pricing, and so on.

- Product features can be formalized through product properties, given by their unit of measure.

- All possible variants of a product can be described by the product model. A product model combines product properties and possible values for that product. Product models reduce the complexity of handling many variants of the same product.

- Product specifications specify the product variant, either in a nonformal way by attached document or notes, or by values assigned to properties if the product is a configurable one. The product specification is available in the subsequent production and delivery process steps.

- A product specification can be included in a sales order, or it can be created at the same time the sales order is created.
Product Development

This scenario provides a way to systematically manage the development design, quality, and inspection requirements through all steps from design through prototype to test validation and full introduction. By structuring and following a plan, the product is more likely to meet quality standards, reduce expensive change orders and respecification delays, accelerate the product introduction, and reduce risk to the company.

This solves the need for a controlled process for product introduction that will be made either in-house or by a third party.
Introduction

Business Scenarios

Product Development

Scenario Description

The product development scenario provides you with comprehensive functions to develop new products or significantly improve the quality of products and processes. Inspired by the advanced product quality planning (APQP) framework, it covers all important stages from the definition of a product development project to the approval of mass production (and project closure).

It covers the planning of a product development project, the engineering and prototyping of a product, the definition of the production process and sample master data, as well as the production of samples and the validation of the production process by continuous improvement. It is a project-structured scenario that includes tools and techniques of total quality management to achieve strategic business results, such as reducing field failure risks, product returns, and warranty costs, and helping ensure higher customer satisfaction.

Key Benefits

Provides a consistent process and plan for product introduction and change

Enables stakeholders to collaborate and understand their roles, responsibilities, time lines, processes with an audit trail and reporting on progress

Provides transparency and visibility of the whole process and tracks progress and decisions

Provides a single tool with all relevant data in the system available for reuse in the mass production process, avoiding silos outside of the main system

Documents all decisions and stores all deliverables in a central place

Supports cost control of all activities or purchases for the product under development
Product Engineering

For companies in manufacturing, this process streamlines relevant data flows from engineering to production. You can increase customer satisfaction by reducing the lead time in engineering and reduce quality costs by automating the creation of the bill of material.

SAP Business ByDesign helps efficiently manage CAD/TDM data import and the adaptation or creation of bills of material. Released designs can be handed over to production.
Product Engineering, Cont.

**Scenario Description**

The product engineering business scenario allows you to manage designs of your product (such as drawings, descriptions, and 3D representations) and the required materials in SAP Business ByDesign, enabling you to prepare for product manufacturing.

Using it you can maintain consistent material master data, production bills of material (PBoMs), and other prerequisites for production.

You can create product designs from scratch or import product designs into SAP Business ByDesign from your external engineering system.

In SAP Business ByDesign you can maintain and match product designs to your production capabilities. When released, product designs can be handed over to production, and the system generates a production bill of material automatically.

Materials can be assigned to product designs or to the associated production bill of material. Production models are generated from the production bill of material, providing the basis for production.

These facilities are particularly useful when your company is focused on engineering and manages frequent changes of a product or has a high rate of handovers from engineering to production.

**Key Benefits**

- Improve employee productivity in engineering by using automated functions to import designs and create corresponding production bills of material.
- Different versions can be created for each product design to help you keep an overview of the product’s evolution.
- Product design can be adapted to the need and capabilities of production and then be converted into a production bill of material.
Project Management

For companies that need to manage internal and external projects on time, quality, and costs this process enables end-to-end collaboration across the business. You can manage the entire range from cost collectors to full-scope projects.

SAP Business ByDesign helps you efficiently manage the entire project lifecycle from project planning, assigning resources, and project execution to controlling.
Project Management, Cont.

Scenario Description
The project management business scenario enables you to plan and execute the entire lifecycle of projects of any scope. It provides the core processes required to manage projects, including scheduling, resource staffing, and cost estimation and management. When the project is released, integrated processes such as purchasing as well as time and expense confirmations are enabled, resulting in costs being posted to the project. Dedicated reports enable the project manager to monitor the status of the projects, as well as the costs incurred during projects.

Key Benefits
Supports tight integration with sales, procurement, human resources, and financials across the entire project lifecycle

Empowers you to collaborate most efficiently with all parties involved in your project, within your company and beyond

Enables time and expense recording on projects as well as confirmation and monitoring of work performed by employees or external service providers

Enables efficient project set-up by using copy from existing projects, templates, and Microsoft Projects as reference

Provides interactive graphical views including Gantt chart, work breakdown structure, and network diagram

Provides an accurate view of project cost and revenues – with the figures for year-to-date or the current month

Offers built-in analytics and reporting for point-in-time project tracking and accounting, along with easy-to-use monitoring functionality for project managers to constantly monitor project progress
Quality Assurance (Unplanned Inspections)

This scenario provides a comprehensive approach to managing quality that helps reduce costs and enhance competitiveness. You can run quality assurance across the supply chain.

SAP Business ByDesign helps your company to efficiently manage quality assurance and provides advanced quality planning and quality control functions that are easy to use and to adapt.
Quality Assurance (Unplanned Inspections), Cont.

Scenario Description

The quality assurance (unplanned inspections) business scenario enables you to check the quality of products on demand. It allows you to create inspections manually to complement, for example, goods receipts, production activities, or goods issues.

With this scenario, you can create, monitor, and analyze these inspections, record results, make quality decisions, and initiate corrective or preventive actions as necessary.

Key Benefits

- Continuously improve and make product quality and services a key differentiator.
- Avoid costs associated with rework, scrap, warranty, or product liability.
- Reduce costs for sample-drawing activities and for inspections using integrated tools, such as acceptance and adaptive sampling.
- React quickly to internal problems, legal requirements, and market demands, and visualize processes.
- Access intuitive, transparent, and traceable documentation, including ISO-compliant sampling plans.
- Use analysis reports for quality assurance, such as defect analysis and inspection analysis.
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**Request-to-Resolve**

For companies that want to achieve service excellence, this scenario provides exception-based processing in a multitier service and support group. SAP Business ByDesign supports you from the service request entry, assignment of service personnel, and analysis of the service request phases through to the resolution phase.

You can increase customer satisfaction, decrease response times, lower costs for services, and improve long-term customer loyalty.
Request-to-Resolve, Cont.

**Scenario Description**

The request-to-resolve business scenario enables your service department to provide customer service and support to prospects and existing customers. It provides you with functions to receive inquiries via different input channels, and to create and handle service requests. You can provide solutions to your customer using various output channels, and trigger appropriate follow-up activities such as field services. There are also enhanced functions for:

- Knowledge base support to efficiently resolve service requests
- Customer warranties to meet legal requirements and manage entitlements for product failures and defects
- Service levels for monitoring performance objectives and due dates

**Key Benefits**

- Service employee empowerment through a 360-degree customer view of accounts, products, as well as customer interaction history, including related business documents such as service requests, service orders, or sales orders
- E-mail inbound channel support for service requests
- Telephone integration with collaboration window to support inbound service requests and facilitate follow-up activities
- Ability to issue tracking with alerts and escalations for quick resolution
- Knowledge database with search functions to increase efficiency in resolution
- Integration with account management to track customer interactions and up-sell new services
- Built-in analytics and reporting on incident tracking, service request backlog, service level agreement (SLA) compliance rate, and analysis of knowledge-base usage
Resource Management

For companies in professional services industries, this process provides the ability to find and assign resources that have the right skills and are available at the right time for project staffing. You can improve resource efficiency and increase utilization by finding the best internal and external candidates in terms of suitability and availability.

SAP Business ByDesign helps to efficiently manage and staff internal and external projects through pool management using parameter-driven searches.
Resource Management, Cont.

Scenario Description

The resource management business scenario is designed to meet the basic needs of a resource manager in a professional services company. Key functions include integrated access to data about internal employees and external service contractors, including information on skills and availability, and information specific to project and time and labor management. The main focus of the application is on creating an integrated database of resources to enable the resource manager to find the best candidates in terms of suitability and availability.

Key Benefits

- Enables the resource manager to manage operative and daily project-related business activities
- Is integrated with time and labor management to record time against projects and to determine project availability (absence data)
- Provides a comprehensive and structured view of all relevant properties showing resources' availability and suitability
- Works with pragmatic concept of "earliest availability"
- Offers simple fast "Google-like" search
- Offers advanced search for sophisticated searches
- Has activity tracking fully integrated within keyword-based resource search
Strategic Sourcing

For companies that want to increase sourcing efficiency through active management of the contract lifecycle, a transparent sourcing process is essential. You can benefit from new sources of supply, gain higher discounts from greater volume, and reduce the number of suppliers used.

SAP Business ByDesign helps efficiently manage the strategic sourcing process from bidder invitation and request for quotation through quote evaluation to contract creation.
Strategic Sourcing, Cont.

Scenario Description

The strategic sourcing business scenario enables you to identify and select suitable new suppliers and to manage relationships with existing suppliers in order to meet the routine purchasing requirements of your company. It involves the definition of requirements for a product, through to the identification and selection of the most suitable suppliers, and finally to the negotiation and creation of a purchasing contract with the chosen supplier.

Key Benefits

Bundling of multiple sourcing requests into a single request for quotation of different types, such as basic requests for information, complex requests for quotations and contract negotiations, leads to higher volume and less transactions.

Integration into the entire supply base, as well as to external supplier directories combined with automatic bidder proposals, allows easy identification of most suitable bidders.

Collaboration support through bidder communication using integrated SAP Interactive Forms by increases transparency and traceability.

Tight integration of request for quotation and contract management enables direct contract creation out of awarded supplier quote.

A single access point for contract information, including built-in alerts for expiring contracts, makes it easier for buyers to prepare, analyze, and monitor contracts throughout the entire lifecycle.

Built-in analytics and reports give immediate access to strategic reporting information such as contract usage and maverick spend.
Supplier Return Management

There is a great need to maximize customer service levels by carrying the right inventory, at the same time as being able to manage returns to the vendor if there are overstocks, customer returns, or product quality problems. This scenario manages the process of returning products in a simple manner that helps ensure that the communications with the vendor match the physical return of product and subsequent financial settlement.

By managing the process consistently, the risk of holding obsolete inventory or losing visibility of returns is minimized, resulting in greater efficiencies and profits.
Supplier Return Management, Cont.

Scenario Description
The supplier return management business scenario enables you to send back stock products to your supplier.

Key Benefits
- Standardized process for managing returns to vendors
- Reduction in costs of carrying obsolete inventory
- Increased revenues by reducing the risk of carrying extra inventory that can be returned, and having lower out-of-stock situations for customers
- Complete financial and audit control to help ensure the debit from the vendor is processed in a timely way
## Business Scenarios

### Time and Labor Management

**Scenario Description and Key Benefits**

For companies that need to manage all aspects of employees’ time data, this scenario enables them to increase the speed and accuracy of payroll preparation, and optimize labor investment. SAP Business ByDesign facilitates efficient time and labor management, from work schedule and time account creation, through tracking and monitoring time recording, to valuation of recorded times and period-end closing.

You can simplify the time administrator’s daily work by enabling him or her to work reactively by checking alerts and work list items in the work view.
Time and Labor Management, Cont.

Scenario Description
The time and labor management business scenario covers all aspects of managing your employees’ time data. It enables you to create time accounts and time account rules, reusable time models, and work schedules. It has functions for tracking and monitoring the different time recording options, enables the valuation of recorded times and period-end closing, and makes possible the transfer of account balances. Time and labor management simplifies time administrators’ daily work by enabling them to work reactively, by checking alerts and work list items in the overview view; work proactively using the information provided in the work view; review and change employee time data; and administer time accounts, including making balance adjustment and payouts. Time and labor management is essential for a complete HR system. It is relevant if you want to run payroll and compensation in your HR system, and it can also run as a stand-alone – for example, if you simply want to manage project data collected in the time sheet.

Key Benefits
Benefit from multiple time recording options (central time recording, self-service, and self-service on behalf, or the Microsoft Excel upload function).

Keep track of employees’ most important weekly times, such as overtime, absences, planned working time, or recorded hours, by displaying period totals.

Monitor and track central or remote time recording including project time confirmation with or without approvals.

Review and change employee time data, administer time accounts, make balance adjustments, and trigger payouts.

Keep track of employees’ leave accruals or entitlements.

Identify productive times that have been capped due to exceeding the flextime bandwidth or planned working time limits.

Recognize at a glance when too many or too few hours have been recorded by means of traffic light symbols.
Introduction

**Workforce Administration and Authorization**

For companies who want to manage their workforce efficiently, this scenario enables maintenance of the full set of employee- and employment-related data according to country-specific regulations. You can manage personnel events such as hiring employees, transferring them within the organization, or terminating the relationship with an employee.

SAP Business ByDesign helps efficiently manage the entire employee lifecycle, from setting up HR data and managing personnel events to termination of the relationship with an employee or third-party service agent.
Workforce Administration and Authorization, Cont.

**Scenario Description**

The workforce administration business scenario is designed to efficiently manage and execute all employee-related tasks. Depending on the solution scope you require, there are two approaches to deal with personnel data:

People master data management is the lean way to administer basic master data for your employees and service agents. These personnel can be staffed to projects and record their working times using employee self-services.

Personnel administration enables you to maintain the full set of employee and employment-related data according to country-specific regulations. You can manage personnel events such as hiring employees, transferring them within the organization, or terminating the relationship with an employee. You can access personnel files where you can administer personal and organizational employee data, as well as data related to the employment.

**Key Benefits**

- Simplify HR processes and manage your people more efficiently.
- Empower line management and employees and increase overall efficiency through self-services (address changes, time recording, purchase requests, and expense reports).
- Manage constant change such as regulatory compliance or organizational changes.
Introduction

Business Scenarios

Workforce Administration and Authorization

Scenario Process Steps

1st Step – Maintaining HR Structures
The business process for maintaining HR structures enables you to administer the operational and organizational structure of your company. This structure determines the reporting lines and is used to identify the responsible line managers, for example, for approval processes. Additionally, you can set up a job catalog describing the potential roles of your employees and also maintain business residence data.

2nd Step – Managing Personnel Events
The business process for managing personnel events enables you to manage personnel events such as hiring employees, transferring them within the organization, or terminating the relationship with an employee. The entire history of an employee’s personnel events is available in the personnel file.

3rd Step – Administering Personnel Files
The business process for administering personnel files enables you to centrally maintain employee-and employment-related data according to country-specific regulations in an employee’s personnel file. Employee data such as private contact data, biographical data, or payment information can also be maintained remotely by the employee/line manager using employee self-services or employee self-services on behalf, respectively.

4th Step – Administering People Master Data
The business process for administering people master data enables the HR administrator to maintain employee data such as private contact data and biographical data. The organization assignment can also be maintained. Optionally, you can also maintain system user data for employees or service.