



# **Integrated Offshore Consulting Services Help Companies To Focus On Their Business**

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UNECE

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THE BEST-RUN BUSINESSES RUN SAP



# Integrated Offshore Consulting Services - Key Message

**The offshore trend is real**

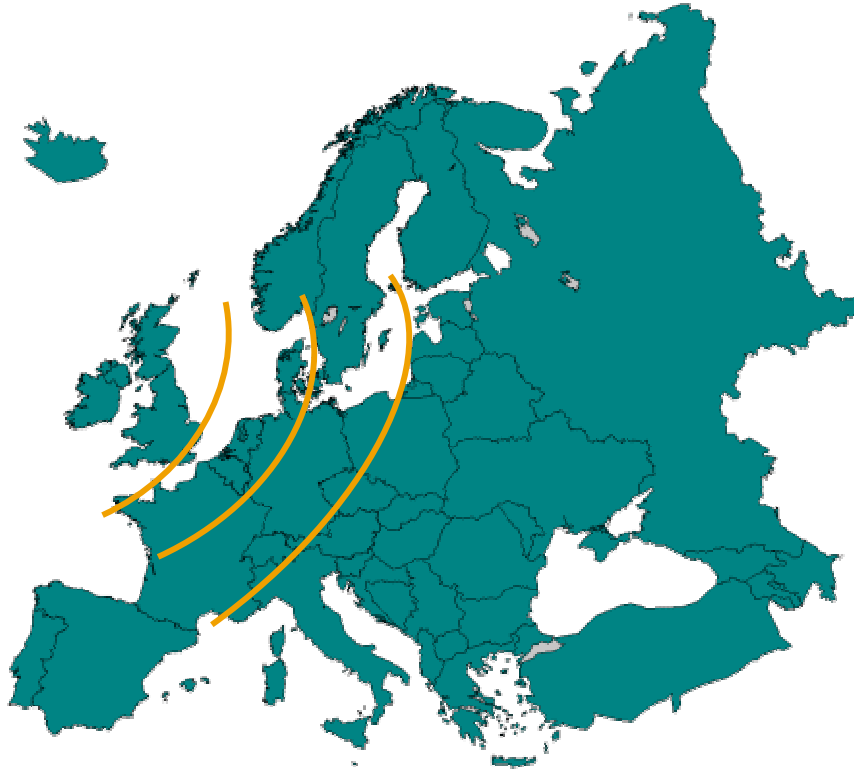
**Offshore Services needs further evolution to value integration**



**Companies need to focus leveraging offshore consulting services**

**SAP Offshore Consulting Services help its customers**

## Western Europe – The offshore trend is real



The **Outsourcing Wave** spreads from north-west to south-east

- Last decade: IS Outsourcing wave
- This decade: AM and BPO wave

European organizations **increasingly demanding offshore** elements from service providers

- Software services still often “entry level” but growing interest in call centers and processing services
- Western Europe as a Buyer of Offshore Services

Strong **regional differences**

- UK and Indian ties
- German-speaking region and Eastern Europe
- France’s pride in local software/services houses
- Strong cultural and linguistic barriers of entry

Source: IDC Services Research Group, Sept. 2003,  
The Impact of the Offshore Services Phenomenon:  
A Global Perspective

# SAP Consulting Offshore Services Approach

... means to leverage offshore for SAP projects by using SAP Offshore-Centers with the **quality assurance and responsibility from SAP Consulting**

## Onsite (Customer site)



These Services are delivered by SAP Consulting at customer site.

## Offshore/Nearshore



These Services are delivered by SAP Consulting remotely (e.g. out of India, China).

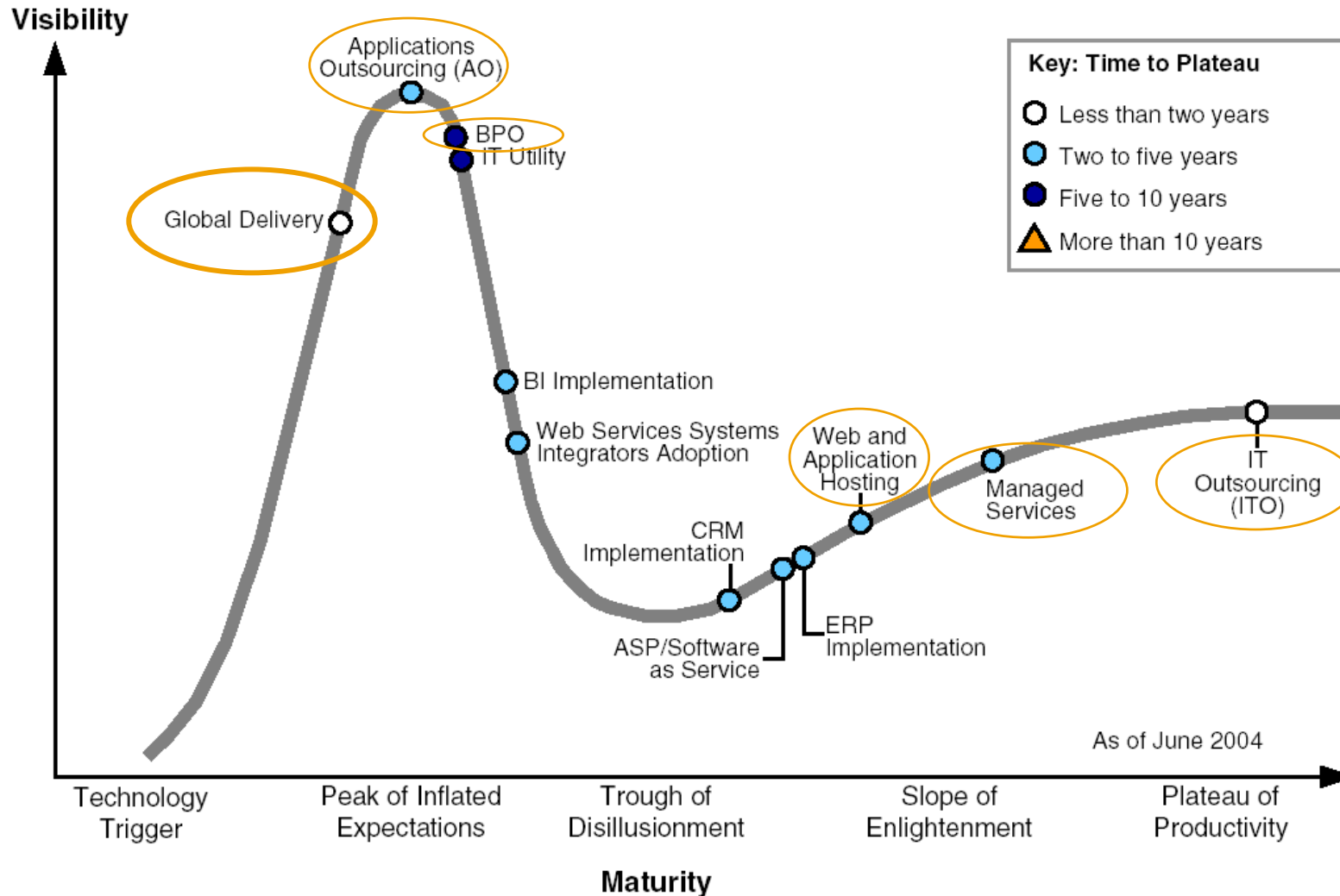
## Onshore



These Services are complementary to SAP Consulting delivered by SAP Corporate normally from Walldorf.

# Gartner Global Market View - Hype Cycle for IT Services 2004

*Gartner exchanged Offshore Services (in former versions) with Global Delivery as to be developed.*



Gartner: Hype Cycle for IT Services - Strategic Analysis Report, 29 June 2004

## New Business Models for Services Providers

The most dramatic increase will be in the area of **packaged application services** (for example those from SAP) which includes technical deployment and managed services.

*2003 Gartner*

Service giants will figure out **offshore delivery** – or perish

*2003 Forrester*

The two major trends are restructuring the IT-Service Industry: **industrialization** and the quest for real **business value**. These two trends are going to remodel and mature the IT industry...

*01/2004 Gartner*





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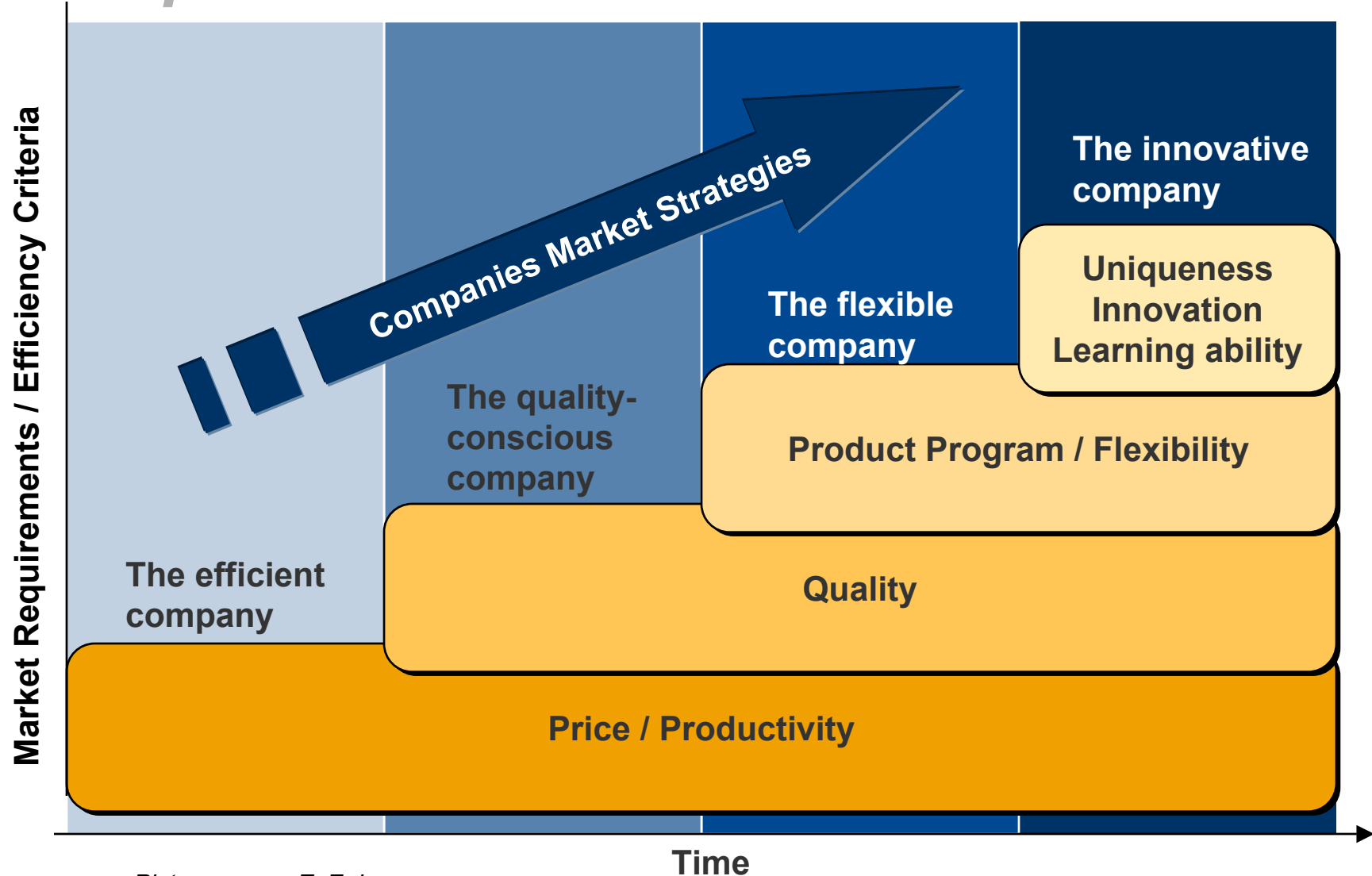


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# Images of Company Development

*Innovation and Uniqueness helps to differentiate from Competition to focus on core business*

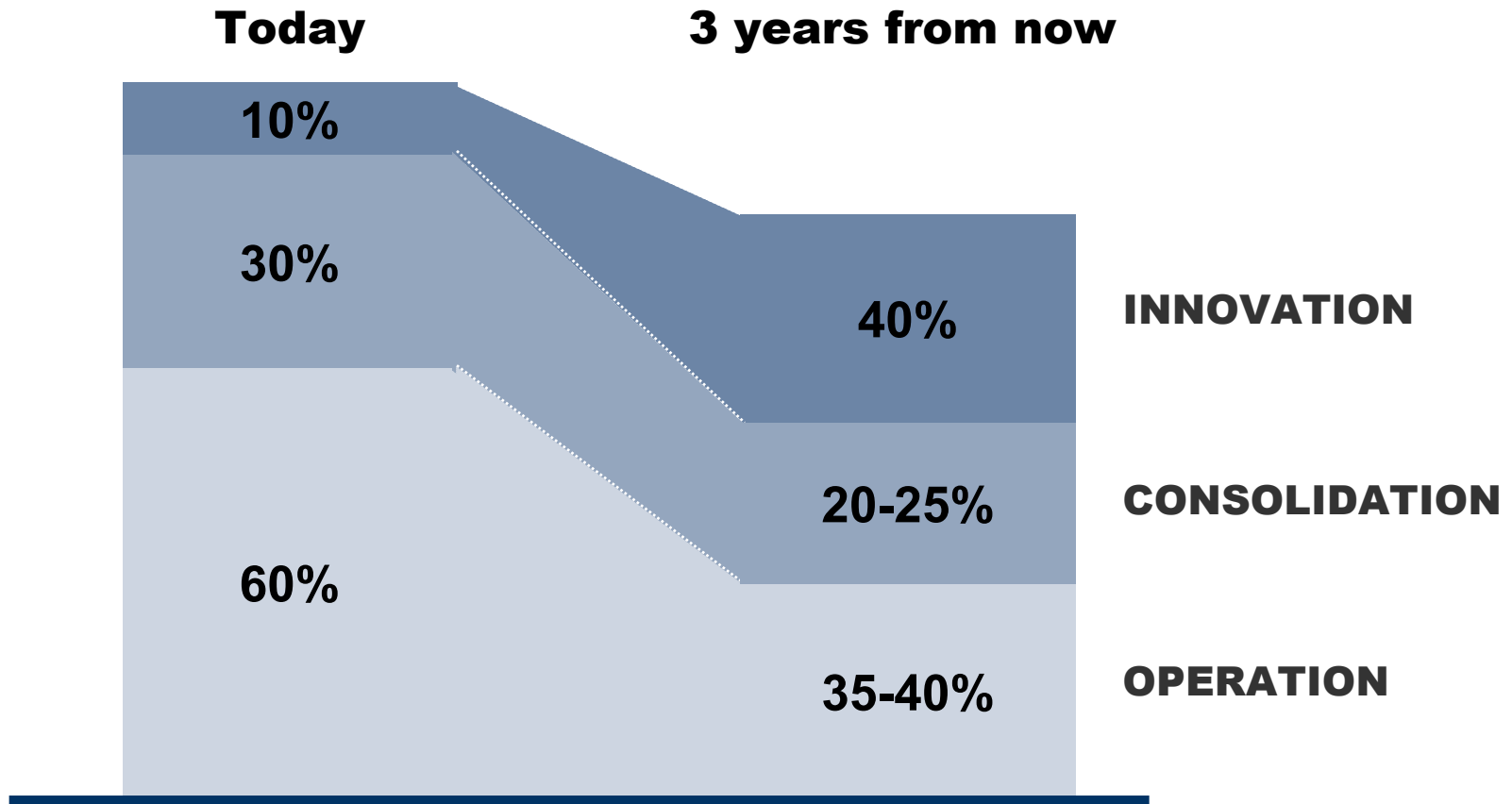


Picture as per E. Zahn



# New Reality Business Requirements


*Innovation capabilities have to be increased,  
Non-Core business like operations should be reduced*



## IT-Investments and Projects

# Characteristics of relevant sourcing models

*Sourcing strategies help companies to focus*

	Standardisation	Shared Service	Outsourcing	Offshoring
Variants	Harmonization, Consolidation	No Variants	BPO, Out-Tasking, Co-Sourcing	Onshore, Onsite, Nearshore
Activities	Harmonization of processes, organization, architecture	Group wide consolidation of internal services	Transfer of service fulfillment to vendor	Transfer of service fulfillment to vendor
Levers	Focus on core competencies	Internal economies of scale	External economies of scale	Leveraging low cost structure
				
<b>Tuning</b>				
<ul style="list-style-type: none"> <li>▪ Optimization of processes, organization and architecture</li> <li>▪ Tuning is relevant for all sourcing models to realize maximum benefits</li> </ul>				

***Offshore consulting services are one alternative within a set of measures which together require an alignment of sourcing strategy with the internal organization***

TransCrit – Ch. Böhm, 2004

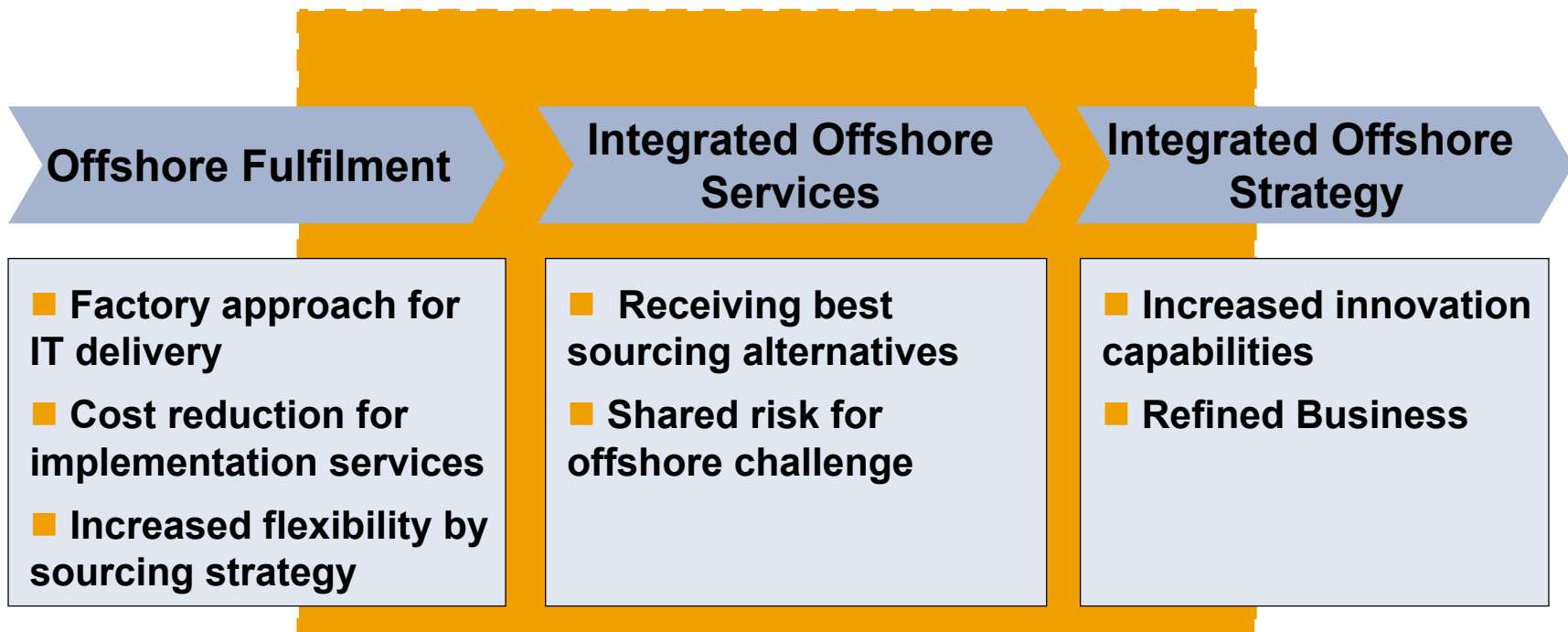
# Increasing Long Term Value with Offshore Services

*Embedding offshore services as integral to onsite service delivery enables pushing strategic projects as well.*

Tactical  
→ Cost Driven

Strategic  
→ Business Driven

## Increasing the added value for Offshore IT Consulting



# Offshore - Lessons Learned by some Customers

## Industries

## Some Experiences



- **Handing over complete functionalities to offshore partner**
- **Complete and clear definition of Service Level Agreements (SLA) and Key Performance Indicators (KPI)**
- **Strategic Sourcing to fulfill customer expectations**
- **Offshore needs to be planned on from a strategic view**



- **Selecting the right partners is the crucial factor.**
- **Companies have to be of high quality**
- **India today is the most favored offshoring destination**



- **Detailed specification gets paid back**
- **“Buy-in” of all stakeholders**
- **Avoiding “black-box” offshoring**
- **Position hybrid partner as general contractor**

**Examples**

*TransCrit – Ch. Böhm, 2004*

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# Offshore Services as part of SAP Consulting Global Delivery

## Offshore continues and becomes mainstream

- The Offshore trend is a **reality** that companies must deal with
- Because of the shift to more automated, efficient and global delivery service models **the offshore trend will grow**
- The cost issue is just a part of the whole picture – we are at the start of a **structural change of the IT services industry**
- Innovative organizations are leveraging offshore already



**SAP Consulting integrates Offshore as part of its 'Global Delivery Model'**

Source: Forrester, IDC, GIGA 2004

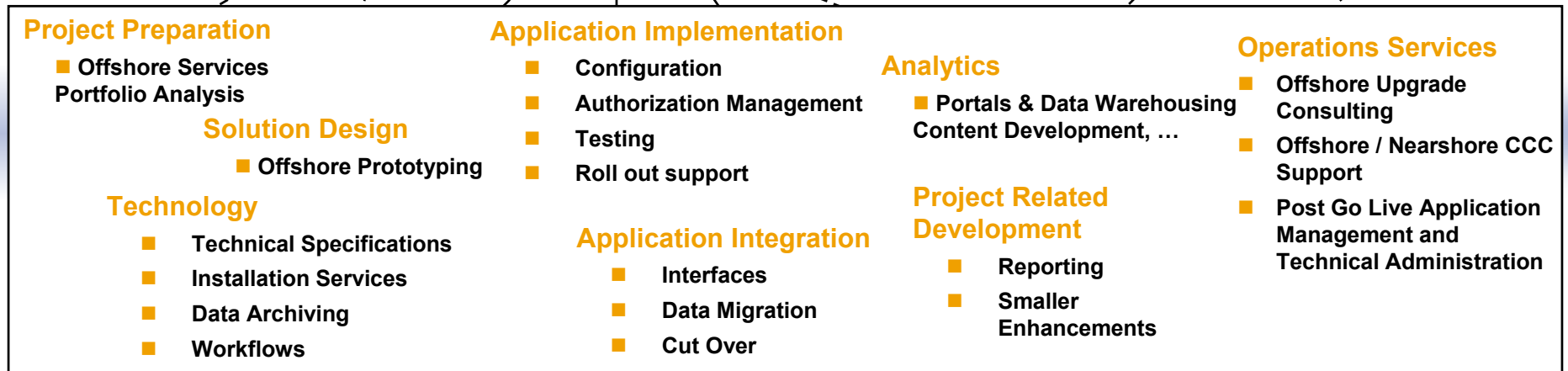
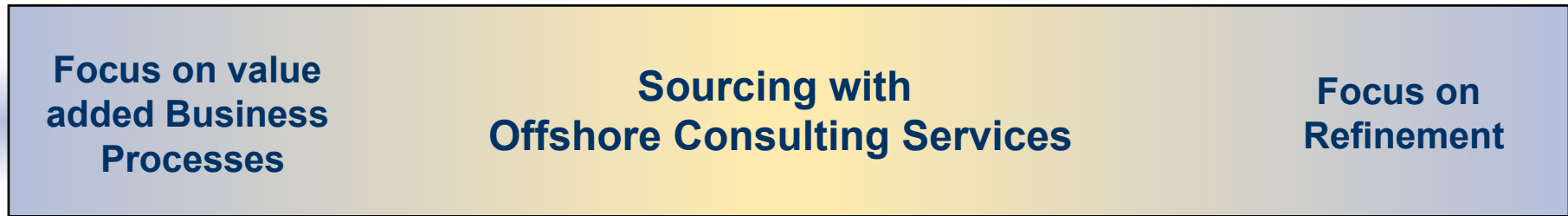
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# Offshore Consulting Services within Lifecycle

*Sourcing with Offshore Consulting Services especially during BUILD and RUN phase helps to use global arbitrage opportunities.*





# Examples of our Global Experience in Offshore Services

## Examples of projects in North America

### High Tech

- Offshore Configuration (SRM & BW)
- Project related development

### Manufacturing

- Project related development

## Examples of projects in South America

### Financial Services

- Offshore Prototyping

## Examples of projects in EMEA

### Public Sector

- Project related development (Campus Mgmt, Legal Services)

### Oil & Gas

- Project related development

### Consumer Products

- Offshore Configuration

### High Tech

- Project related development

### Utilities

- Project related Configuration and Development (IS-U EDM, IS-U Deregulation)

## Examples of projects in APA & Japan

### Oil & Gas

- Implementation & Roll out

### Consumer Products

- Offshore Configuration, R/3 instance consolidation
- Post Go-Live Application Management (FI-CO, SD, MM)

### Public Sector

- Technical Upgrade

### Manufacturing

- Post Go-Live Technical Administration

### Medical

- Offshore Configuration

Examples

## ■ SAP' s Value Proposition



- SAP Consulting takes ownership and **responsibility** for the whole SAP solution including Offshore delivery
- Synergies through **close relationship to our SAP Development** and all other SAP unit
  - ◆ first hand information, resource sharing, etc.
- We deliver offshore services **integrating onsite and offshore** capabilities
- Close relationship between SAP Onsite and Offshore consultants
- **Onsite availability** of the responsible offshore-manager result in low onsite co-ordination effort
- **Global balancing** of SAP resource requirements
  - ◆ onsite, onshore, nearshore, offshore
- Capability to implement new solutions with offshore **resource pool**

## ... and how does it help our customers?

### It helps to ...

- implement your IT strategy with SAP software together with a **trusted partner**
- use **global delivery** capabilities for successful implementation
- be **close to your markets** & subsidiaries (Japan, China, Korea... )
- minimize **costs**
  - ◆ with reduction of internal IT resources and transfer to offshore centers
  - ◆ with reduction of external implementation costs ...
- **speed** up implementation
- extend **flexibility** with access to offshore resource pool (e.g. SAP Consulting & Offshore Partners)
- empower end user with high quality of **24x7 global assistance**
- increase **quality** with offshore best practices (globally)

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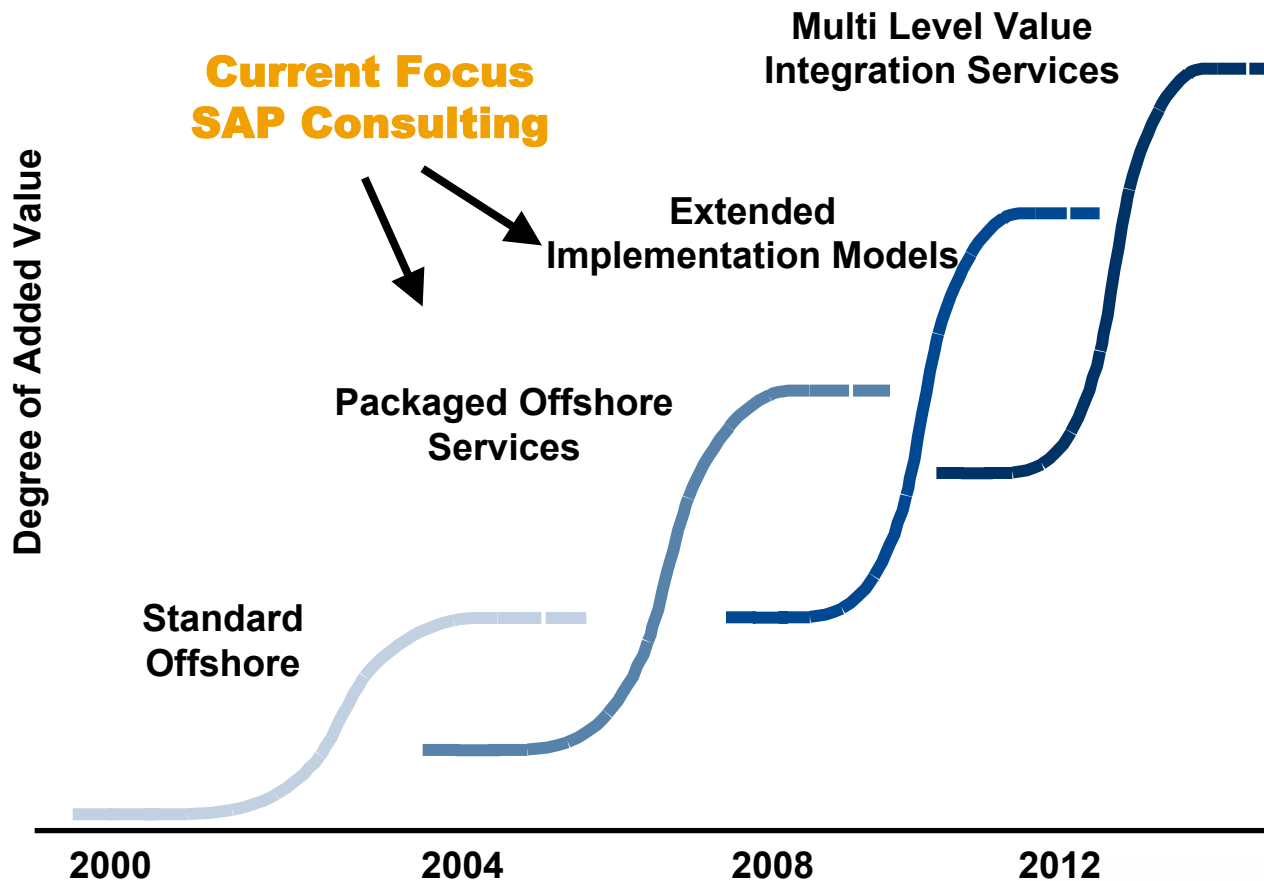
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# Offshore Evolution to Value Integration

*SAP Consulting focuses itself on his core competencies to deliver value to customers and moves in direction to enable higher sophisticated offshore models.*

## Offshore Services Innovation



### Standard Offshore Services

- Strongly development and support oriented to lower TCO

### Packaged Offshore Services

- Specialized and packaged with cost advantage of reusability
- Needs investment for service provider

### Extended Implementation Models

- Substitutes classical Onsite services with high degree of communication and transaction

### Multi Level Value Integration Services

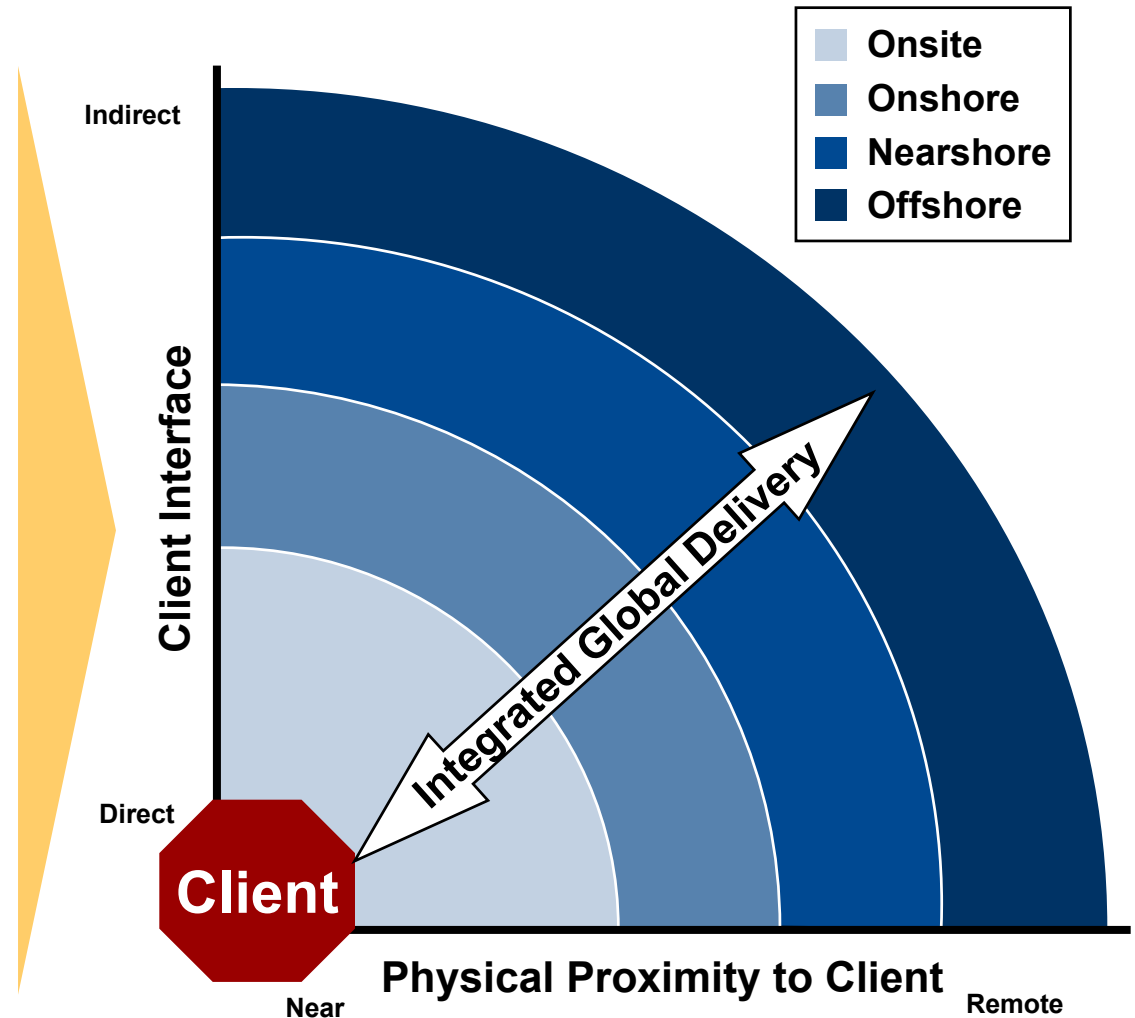
- Integrating Offshore for value integration will be as sophisticated from perspective of multi level approach as it is today e.g. in automotive sector

# Value Generating with SAP Consulting Offshore Services

**SAP Consulting ensures Customers fast and enduring success**

completing their business solution to achieve best competitive advantage by

→ delivering a comprehensive suit of global service offerings leveraging the right mix of onsite, onshore, nearshore & offshore services



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