



SAP ASIA PACIFIC JAPAN

INCREASING EFFICIENCY AND PROFITS WITH SHARED SERVICES

QUICK FACTS

Industry

High tech

Revenue

US\$1.9 billion (FY 2007)

Employees

9,700

Location

Singapore

Web Site

www.sap.com/asia

SAP® Solutions and Services

SAP® ERP application, SAP NetWeaver® technology platform, SAP Interactive Forms software by Adobe

With 12 million users and 3,850 partners, SAP is the world's leading provider of business software. SAP has centralized the transactional and administrative functions of its 13 Asia Pacific Japan subsidiaries into its first SAP® shared services center in Singapore. The center is responsible for software contracts administration, partner services, consulting administration, education administration, human resources, payroll administration, and finance and administration for the region.

Key Challenges

- Need for optimized business practices within the Asia Pacific Japan region
- Inefficient, paper-based, and redundant processes
- Need for automated functionality to support expansion and revenue growth
- Regulatory compliance and independent oversight and risk management requirements

Implementation Best Practices

- Management buy-in, project transparency
- Top-level initiative, clear value, and success metrics
- Phased implementation with benchmarking
- Emphasis on process optimization and automation
- Minimal customization in leveraging IT landscape with enterprise SOA

Financial and Strategic Benefits

- Significant finance and administrative (F & A) process cost reduction
- Cost savings over US\$2 million annually
- Potential for further savings with extension of shared services to include additional functions
- Enhanced corporate governance
- Better-quality, more reliable information
- Process standardization, economies of scale
- Government development board award and tax benefits

Why SAP® Shared Services

- Corporate governance – consistency across systems and transactions result in more transparency
- Significant ROI – both cost reduction as well as cost containment in preparation of rapid growth
- Optimization of transactional back-office operations
- Creation of a customer-centric environment using best-in-class processes and technology
- Opportunity for SAP to showcase best practices and innovative technology to customers and prospects

Low Total Cost of Ownership

- Reduced costs of new functionality rollout and system upgrades
- Leveraged existing IT investments
- Improved productivity through process automation
- Reduced data reconciliation and maintenance and improved security with single-instance implementation

Operational Benefits

Key Performance Indicator	Impact
Overall F & A costs	-40%
Headcount	-42%
F & A documents processed	+59%

“The Shared Services Excellence Awards from the International Quality and Productivity Center recognize SAP’s success in sharing our best practices – and improving efficiency and profit margins.”

Colin Sampson, Senior Vice President and CFO, SAP Asia Pacific Japan

SAP Cuts Costs with Shared Services Center

SAP AG, a leader in providing collaborative business solutions, centralized the transactional and administrative functions of its 13 Asia Pacific Japan subsidiaries into its first shared services center, located in Singapore. Previously, dedicated personnel at each office were responsible for transactional and administrative functions, resulting in higher financial, payroll, training, and other costs. To reduce these costs and eliminate inefficiencies, SAP wanted to establish a world-class shared services center to focus on deploying best-in-class processes and innovative technology.

IT Key to Better Communication and Improved Processes

Processes at the center are powered by the SAP NetWeaver® technology platform and the SAP® ERP application, leveraging enterprise service-oriented architecture (enterprise SOA) to increase productivity and operational control, respond to market and technology changes, promote best practices, and reduce costs. The center’s leading-edge technology has enabled SAP to automate processes and increase efficiency in the following ways:

- The use of dynamic Adobe PDF forms resolves unstructured data problems in sales order processing. Electronic Adobe forms are automatically e-mailed to the system, triggering a chain of automated steps that populate sales order data in the system.

- Country-specific payroll solutions cater to each country’s tax, language, and legal requirements. All data is processed within a single application instance, eliminating the need to reconcile data, maintain interfaces, or deal with security issues.
- Employee self-service functionality enables leave application, payroll, address maintenance, and other administrative activities.

Standardized processes and economies of scale made possible by the shared services operation helped SAP Asia Pacific Japan eliminate redundant staffing positions across the region, achieving a 42% reduction in full-time equivalent employees. And scalable automated functionality lays the groundwork for business expansion and revenue growth.

Savings and Business Benefits

With the implementation of the shared services center, SAP Asia Pacific Japan realized operational savings amounting to more than US\$2 million annually. By implementing enterprise technology, the center was able to eliminate manual data entry functions and unstructured spreadsheet data, resulting in a faster, more mobile sales force. The center has also enhanced corporate governance and improved the quality of its business intelligence. And beyond the cost reductions and improved efficiency achieved with the implementation of payroll and employee self-service operations, SAP personnel have more control over important person-

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al data and activities, heightening employee satisfaction. “With enterprise SOA, the shared services center is going to increase sales order efficiency for the Asia Pacific Japan subsidiaries, reducing overall processing time by 60% to 70%. That’s a huge win,” says Colin Sampson, senior vice president and CFO at SAP Asia Pacific Japan.

Looking Ahead

The SAP Asia Pacific Japan shared services center looks to build on its success, expanding the scope of operations to include functions such as demand generation for educational services and consulting contracts administration. The center will continue to focus on using technology as a growth enabler, with implementations of service level and performance management reporting solutions on the horizon.

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