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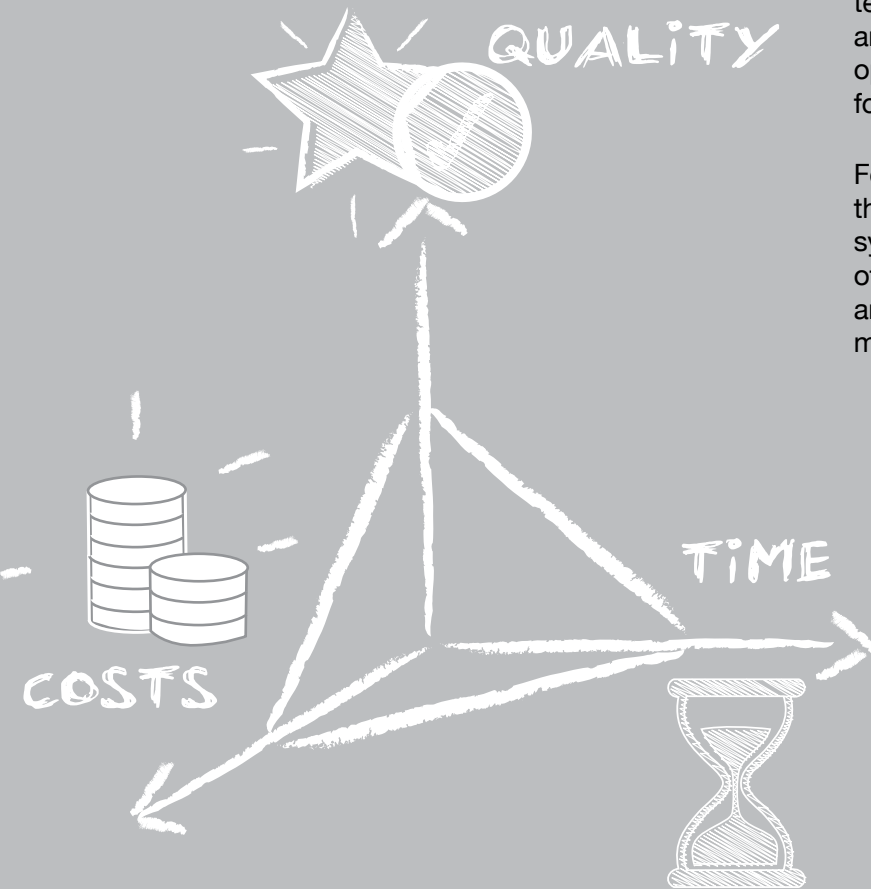
# SAP **COST REDUCTION** STRATEGIES FROM HCL

A structured approach to reducing expenditure  
while increasing business value

# SAP COST REDUCTION STRATEGIES FROM HCL

In the current climate, IT organizations are looking for ways to both reduce their budgets and to focus resources on leveraging new technologies to help drive differentiation and innovation. Our experience shows that optimizing SAP environments is a prime target for making significant savings.

For many organizations, SAP applications are the core enterprise transactional processing systems supporting critical operational and back office processes. In terms of ongoing operation and maintenance costs they are typically the most expensive applications.



Through our long track record of successfully managing our customers' SAP landscapes, we have identified three key areas – infrastructure, application deployment, and operations and maintenance – where there are major opportunities to significantly reduce the total cost of ownership.

These opportunities are based on a number of key issues we have observed over and over again at our customers:

- SAP is rarely designed to minimize operational and maintenance costs
- Significant areas of configured functionality are either used partially or not at all
- Many organizations have more SAP licenses than they use

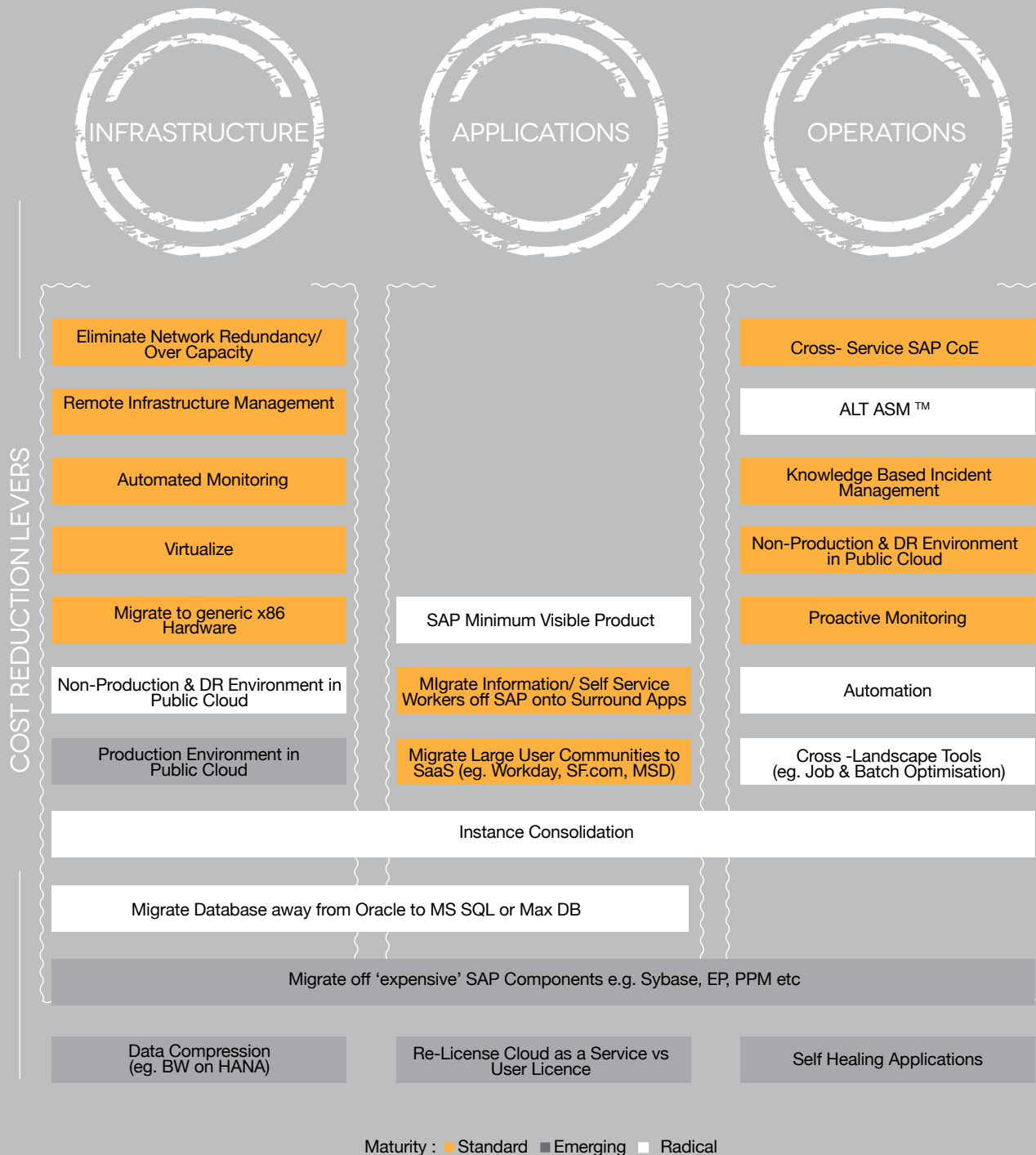
- Many SAP users are incorrectly licensed e.g. professional versus limited professional versus self service
- SAP infrastructure is inelastic and permanently provisioned to support peak loads
- The design of the SAP support organization has not been reviewed since it was established
- Older SAP environments are cluttered with custom developments that can be replaced by newer functionality.

By addressing these issues and using our in-depth experience of both SAP software and the latest technologies, we can help you run your SAP environment both more efficiently and significantly less expensively.



# HCL'S APPROACH TO SAP COST REDUCTION

At SAP customers around the world we have materially reduced the total cost of ownership by focusing on the three key areas in this diagram.



## MINIMIZING INFRASTRUCTURE

Most SAP applications were implemented before cloud computing became commonplace, which means they were implemented on-premise on dedicated hardware sized to support peak transactional volumes. In today's environment, where elastic cloud computing is freely available, this legacy, inflexible architecture represents a very high and unnecessary cost.

### MIGRATING TO THE PUBLIC CLOUD

There are many ways that you can take advantage of Infrastructure as a Service (IaaS) offerings, and the relative attractiveness of each will depend on your current infrastructure provisioning arrangements and where you are in your hardware refresh cycle.

If you are approaching a hardware refresh, or are at the end of an outsourcing contract, the option of migrating SAP environments to the public cloud offers significant cost savings compared to investing in new hardware. By migrating non-productive environments to a public cloud

provider you can take advantage of pay-per-use pricing, which means you don't have to pay for environments when they are not being used, for example overnight or when test and training environments are not needed.

“A GLOBAL MEDIA MAJOR REALIZED AN ANNUAL COST SAVING OF \$1.5 MILLION BY MIGRATING ITS NON-PRODUCTIVE ENVIRONMENTS TO AMAZON WEB SERVICES”

You can also make significant savings by using cloud computing for disaster recovery. In many ways your disaster recovery environments are the most elastic systems you have, with their full capacity only being required on fail-over. So significant cost savings can be made by placing them in the cloud rather than having dedicated in-house facilities or using an infrastructure outsourcer.



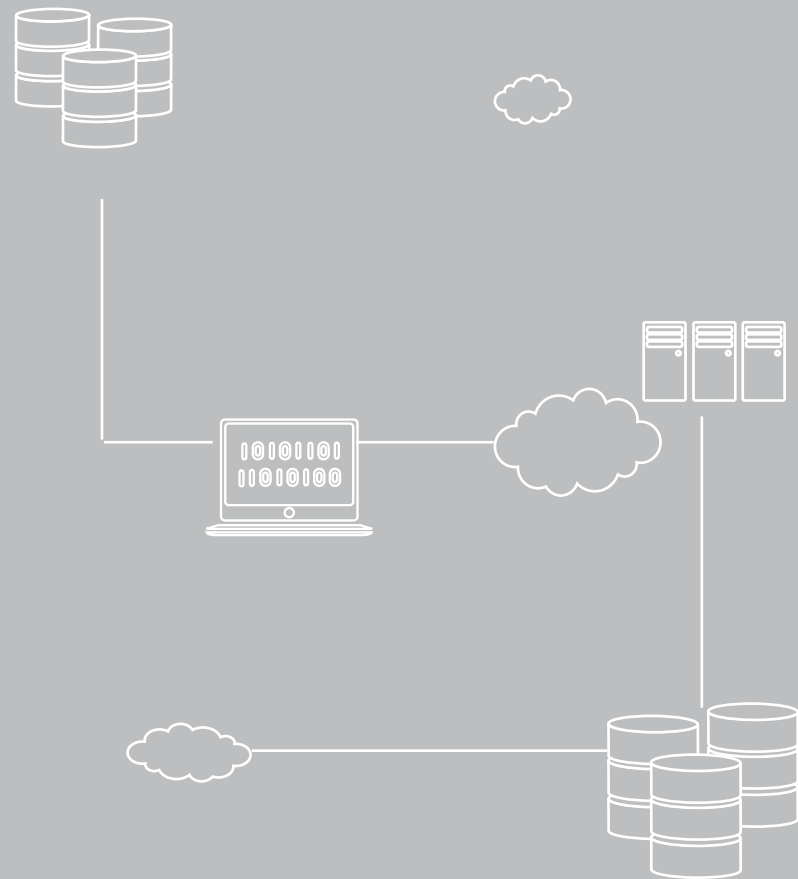
## USING GENERIC HARDWARE

If you prefer to retain your infrastructure either in-house or in a dedicated outsourced data center, moving to generic x86 hardware should be considered. Generic hardware uses much of the same componentry as branded hardware at 20% – 30% of the cost. Migrating to x86 hardware not only delivers hardware savings, it also simplifies the migration of systems to the public cloud if you decide to take that route in the future.

The single biggest reason cited by companies for not migrating more of their on-premise applications to the public cloud is data security. Yet an increasing number of organizations are doing exactly that. They have analyzed the data held in their SAP systems and determined that there is actually little or no data in them that is subject to data protection laws, and that the combined security of the applications, operating systems, networks, and infrastructure is now sufficiently secure to migrate productive systems to the public cloud.



ONE OF THE LARGEST PRODUCTIVE SAP ENVIRONMENTS, COMPRISING OVER 500 SERVERS GLOBALLY, WAS BUILT ON COMPLETELY GENERIC COMPONENTS AT A COST OF LESS THAN \$400,000.



## ADOPTING THE SAP HANA PLATFORM

As a columnar database with advanced compression algorithms, the SAP HANA platform can help you dramatically reduce your data storage requirements and, as a result, your storage infrastructure costs.

In addition, our experience shows that a significant number of organizations have never implemented comprehensive archiving strategies, which increases the amount of storage required. By reviewing your archiving strategy, and analyzing the storage reduction potential of migrating SAP Business Warehouse applications to SAP BW powered by HANA, we can help you minimize your storage costs and avoid the need to invest in additional hardware.



A MULTI-MILLION ELECTRIC UTILITY MIGRATED FROM SAP BUSINESS WAREHOUSE TO SAP BW POWERED BY HANA, REALIZING A 91% STORAGE REDUCTION.

## OPTIMIZING APPLICATIONS

The implementation of SAP systems is, by its very nature, highly visible within organizations and it is not uncommon for the deployment program to be used as the vehicle for delivering many smaller 'pet' projects or process changes that could not be justified as standalone initiatives.

Consequently, many SAP systems are over-engineered and populated with processes and functionality that is either never or only infrequently used. As a result, additional costs are incurred because:

- Partially used functionality is more likely to result in support tickets due to a lack of user familiarity, data quality issues, or the inherent complexity associated with custom designed processes
- End user productivity on infrequently used transactions and processes is lower
- Difficult to use processes drive employees to use shadow IT to perform tasks
- Infrequently used functionality is less well understood and more costly to support
- The SAP system is more complex and more difficult to regression test and upgrade.



## INSIGHT+ FOR SAP

One of the major issues in right sizing an SAP landscape is understanding how much infrequently used functionality resides within the SAP system, who uses it, and how often.

To answer these questions, we have developed an analytical toolkit - Insight+ for SAP - that analyzes production SAP systems to determine:

- Which users are doing what and how frequently
- Which processes and associated configuration are actually being used and how frequently
- How efficient the existing SAP processes actually are in terms of speed, quality, and cost
- How much manual intervention is actually being performed
- What master data is actually being used and how frequently
- How much the current configuration deviates from standard SAP.

## SAP MINIMUM VIABLE PRODUCT

The output of this toolkit is used to identify a recommended SAP Minimum Viable Product (MVP), which is the minimum SAP footprint, and the associated minimum number of direct SAP users, required to run the business processes currently implemented on SAP. MVP is based on the hypothesis that the lowest cost of operating and maintaining an SAP system is associated with a system that is as close to vanilla SAP as possible, with the minimum amount of custom enhancements operated by the smallest number of experienced, professional SAP users.

Our analysis of SAP systems and the operation and management costs incurred by organizations to keep them running clearly shows a direct

correlation between the complexity of systems, the number of partial/infrequent users and the support costs.

By helping you to move to an MVP solution, we not only reduce your total cost of ownership but we also deliver a number of additional benefits to both IT and business users, including:

- Increasing stability and lowering the risk of failure as a result of reduced complexity
- Reducing your reliance on a few critical individuals as a result of having standard SAP software that is well understood by a wide ecosystem of knowledgeable support personnel
- Reducing your training and support costs by moving infrequent users off SAP onto more intuitive surround systems such as mobile applications or Sharepoint
- Increasing user satisfaction by allowing employees to interact with your corporate systems using platforms of their choice
- Significantly reducing SAP maintenance costs by switching from standard SAP licenses to SAP Gateway licenses (if appropriate).



A GLOBAL HIGH-TECH CONGLOMERATE WITH OVER 100,000 EMPLOYEES HAS SHRUNK THE NUMBER OF DIRECT ACCESS SAP USERS TO LESS THAN 5,000.

Migrating to an MVP solution can also deliver significant savings as a result of removing SAP components that are difficult to support or require extensive infrastructure to operate. For example, migrating away from SAP Enterprise Portal and the Sybase Unwired Platform, as both of these solutions can be replaced with more functionally-rich solutions that require less complex infrastructure at a lower total cost of ownership.



A GLOBAL PHARMACEUTICAL COMPANY SAVED MILLIONS OF DOLLARS IN SAP MAINTENANCE COSTS BY MIGRATING LARGE USER POPULATIONS TO SURROUND AND EDGE APPLICATIONS

## INSTANCE CONSOLIDATION

HCL's Future of SAP survey clearly demonstrates that operations and maintenance costs for organizations running multiple SAP production instances are 30 – 40% higher than those operating a single, enterprise wide instance.

Using the Insight+ for SAP analysis toolkit we can rapidly compare your different SAP systems and highlight:

- Inconsistent processes
- Deviations from vanilla SAP
- Design rationalization opportunities
- Redundant configuration
- Custom coding
- Unused or limited use data

Critically, our approach doesn't treat instance consolidation as a greenfield project. Instead we use a differentiated process that focuses on business benefits, a functional use analysis to remove un-used elements of the landscape, and a return to 'vanilla' SAP to eliminate complex custom developments and high points of failure. As a result, we can deliver global single instances for 30 – 40% of the cost of traditional approaches.



## OPERATIONS

In our experience too many SAP Centers of Excellence (CoE) were set up as an after-thought. As a result, too little time was devoted to the design of support processes, the implementation of automated monitors, or the establishment of a culture of continuous improvements. Consequently, it is usually possible to make significant cost reductions by re-designing and rationalizing SAP Centers of Excellence.

### NEXT GENERATION SAP APPLICATION MANAGEMENT AND SUPPORT

Supporting SAP systems is not a black art. There is a clearly defined catalogue of support activities that need to be performed, there are proven tools which monitor the health of SAP systems and help identify emerging system and process problems, and there are proven techniques for driving down ticket volumes. At HCL our goal for SAP Application Management and Support (AMS) is zero tickets at significantly lower costs than can be achieved through conventional AMS outsourcing.

By analyzing the costs and performance of your existing SAP CoE we can rapidly assess not only CoE maturity, but also:

- Gaps in capability
- Costs of IT non-compliance
- Base and peak resource levels
- Opportunities for more cost effective provisioning of services
- Increased use of automating monitors and health checks
- Process performance KPIs and monitors.

As a result, we can help you not only lower your total cost of ownership but also improve the service that is offered to your business users.

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A NORTH AMERICAN  
BREWER ACHIEVED A 25%  
SAVING BY MOVING TO NEXT  
GENERATION OUTSOURCING

## NEXT STEPS

If some of the opportunities and ideas outlined above resonate with you, and you think that there's an opportunity to drive real cost reduction in your SAP operations and maintenance budget, please get in touch and we will arrange a more in depth discussion with one of our SAP cost reduction experts.

To get in touch, please write to us at [integrated.applications@hcl.com](mailto:integrated.applications@hcl.com)

## WHY HCL?

HCL has been a certified partner in the SAP ecosystem for over 15 years. Our global delivery team of 8,500 SAP experts is known for having the most experienced SAP consultants in the industry.

We are widely recognized by industry analysts as a leader for both SAP implementation and support and our understanding, championing, and execution of cloud-based SAP solutions.

- SAP AWARDED HCL ITS MCAAS PARTNER OF THE YEAR AWARD IN 2014
- IDC RECOGNIZED HCL AS A GLOBAL SAP LEADER IN ITS MARKETSCOPE: WORLDWIDE SAP IMPLEMENTATION SERVICES ECOSYSTEM 2014 VENDOR ASSESSMENT
- IDC ALSO RECOGNIZED HCL AS A LEADER IN ITS CLOUD SERVICES 2014 VENDOR ANALYSIS.

As a result of our in-depth understanding of both SAP implementation and support, and cloud-based solutions, our consultants are also expert in how to optimize the cost of running, maintaining, and supporting SAP solutions.

What sets us apart from others is our structured and strategic approach to right-sizing, rebalancing, and refreshing your SAP investments. Piecemeal initiatives may bring short-term savings but we believe that significant, long-term reductions can only be brought about by analyzing your whole environment, identifying the opportunities for cost reduction, and prioritizing their execution. By doing so we not only help you deliver continuous and sustainable savings we also enable you to take advantage of new, emerging technologies and consistently improve the services you offer business users.





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