Niko Sioulvegas

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Webinar
S/4HANA Value Check

BearingPoint®

We are glad to welcome you!

Niko
Sioulvegas

nikolaos.sioulvegas@bearingpoint.com

Agenda

1. **Value Management Fundamentals**

2. **Why now?**

3. **BearingPoint Approach: S/4HANA Value Check**

4. **Project Example**

5. **Conclusion**

1. Value Management Fundamentals

Value Management | Fundamentals

Value Management is all about: **Organizational Improvement**, **setting** **clear goals**, **improving** **productivity**, **creativity** **and** **return on investment**.

PRINCIPLES

1. STRENGTHEN VALUE ORIENTATION

Constant awareness of **what value means** to an organization: use **key figures** (measured or estimated variables) for monitoring and control
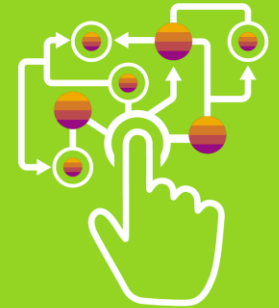
2. APPLY FUNCTION THINKING

Result-driven mindset in all areas to maximize innovative and usable results. This means that there is no concentration on products or processes themselves, but on their **outcome**.

Moreover, concentration on goals and business requirements **before starting (technical) solution design**
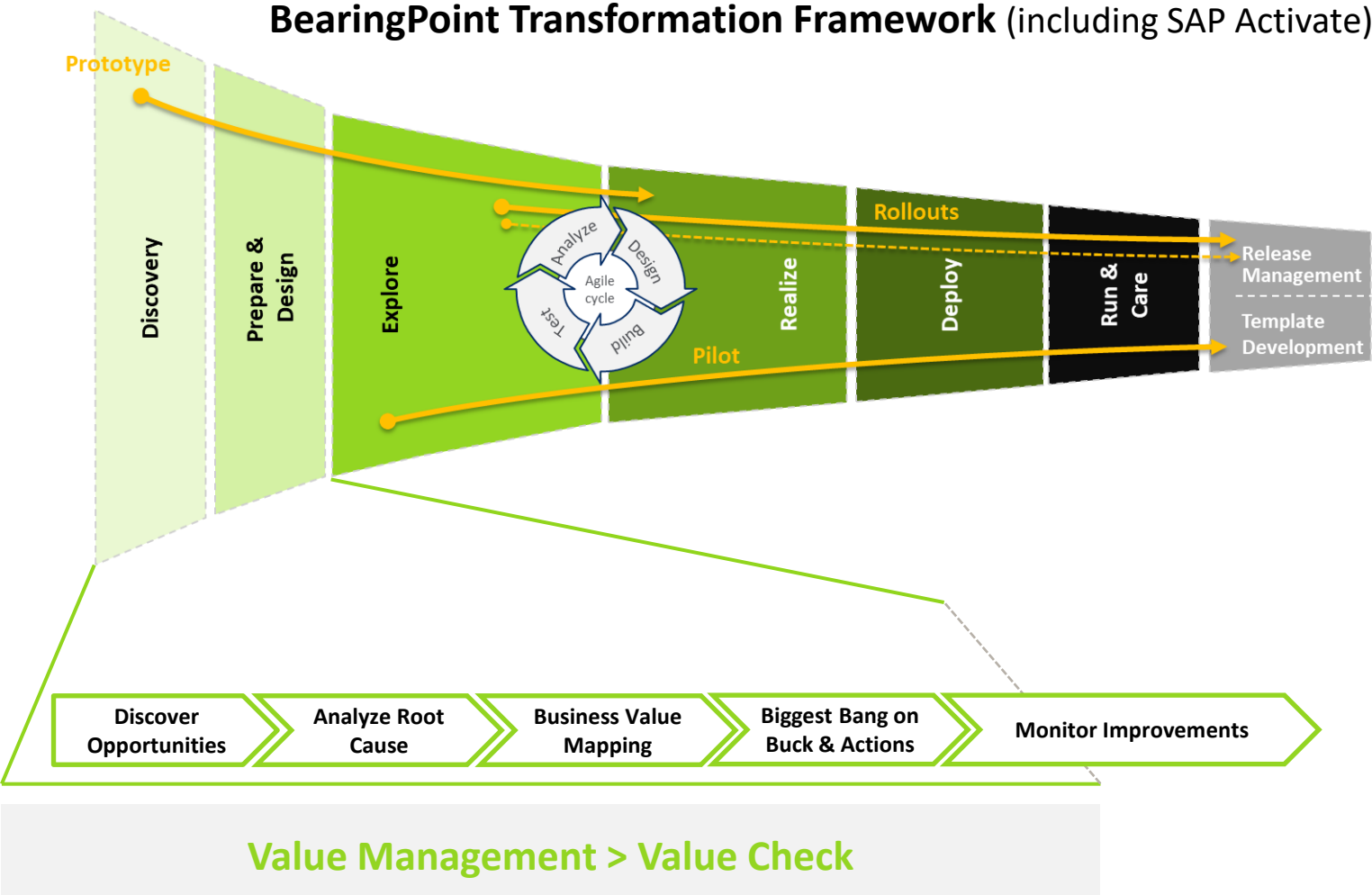
3. APPLY A STRUCTURED HOLISTIC APPROACH

An effective structured holistic approach is achieved when an organization's Value Management approach is **integrated with and complementary to management systems** which exist within the organization and is developed to suit the level and nature of the product or situation under consideration or being studied.
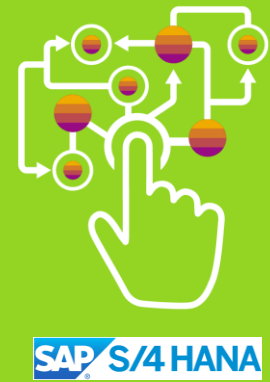
Value
Management

Value Management | embedded in S/4HANA Transformations

BearingPoint Transformation Framework (including SAP Activate)

Prototype

Discovery

Prepare & Design

Explore

Analyze · Design · Build · Test — Agile cycle

Pilot

Rollouts

Realize

Deploy

Run & Care

Release Management

Template Development

Value Management

SAP S/4 HANA

Discover Opportunities	Analyze Root Cause	Business Value Mapping	Biggest Bang on Buck & Actions	Monitor Improvements

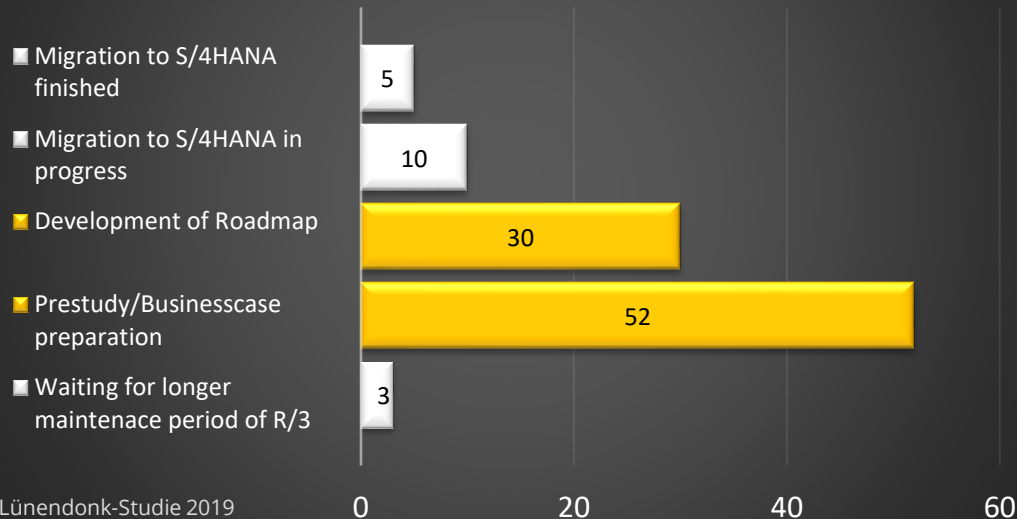**Value Management > Value Check**

2. Why now?
Market & Analysts Point of View

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Current survey regarding S/4 HANA transformation

Value Management should be integrated in holistic project approaches for transformation – before starting solution design

Current phase of S/4 HANA projects

- ■ Migration to S/4HANA finished: 5
- ■ Migration to S/4HANA in progress: 10
- ■ Development of Roadmap: 30
- ■ Prestudy/Businesscase preparation: 52
- ■ Waiting for longer maintenace period of R/3: 3

0   20   40   60

Lünendonk-Studie 2019

More than **80%** all S/4HANA transformation initiatives these days might be **at the right stage** to integrate and define **value management** principles in their procedures.

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Value management – maximize the program value

The Elements of a change story in transformation projects that most support success are clear targets for key performance indicators
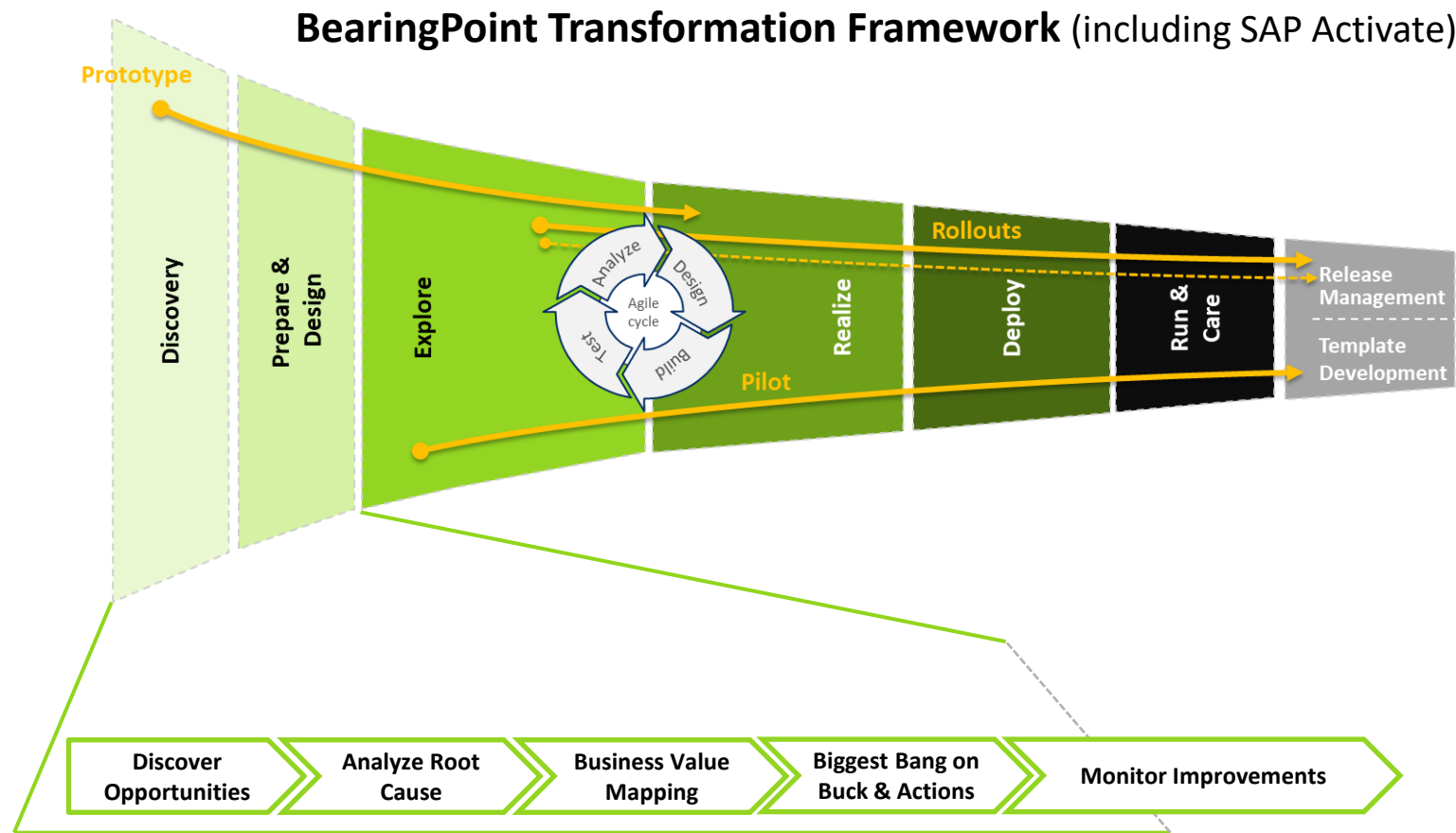
Clear targets for KPIs
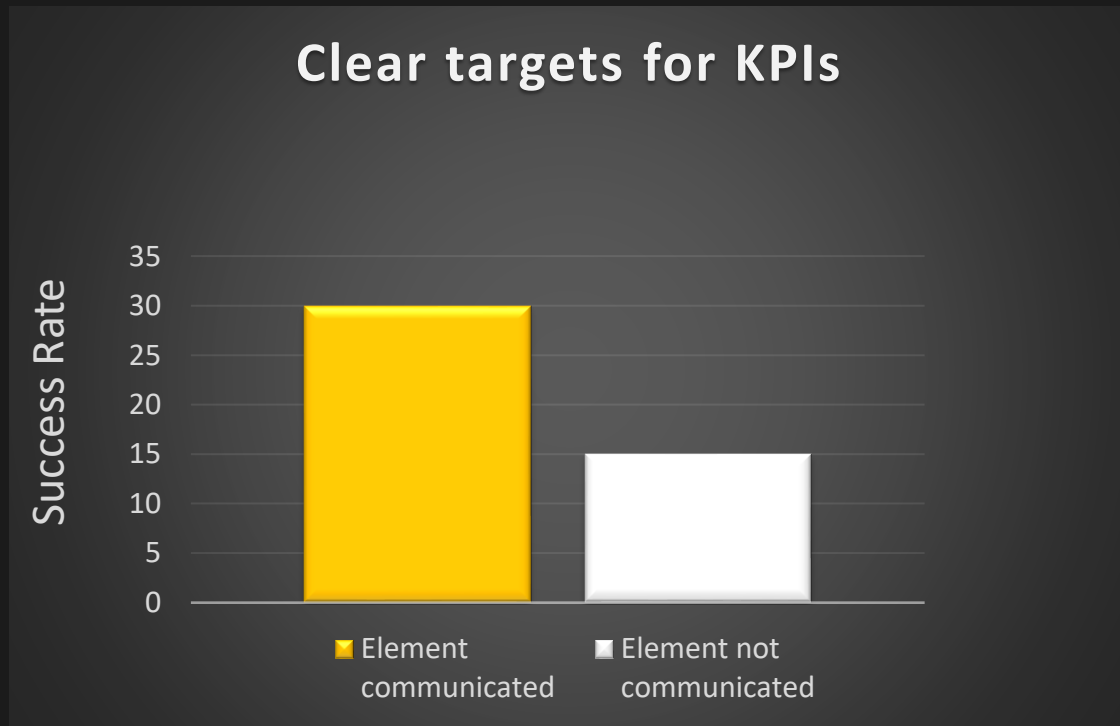
If a clear and comprehensive **KPI** System is used and communicated, the **success rate** of digital transformation projects is **doubled**.

Unlocking success in digital transformations, October 29, 2018 | Survey, McKinsey & Company
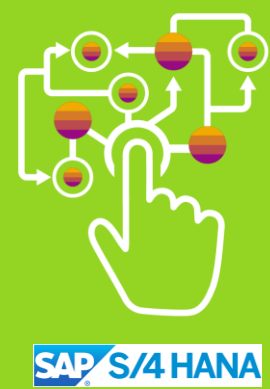
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3. BearingPoint Approach: S/4HANA Value Check

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Value Management | embedded in S/4HANA Transformations

BearingPoint Transformation Framework (including SAP Activate)

Prototype

Discovery

Prepare & Design

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Analyze

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Agile cycle

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Value Management

SAP S/4 HANA

| Discover Opportunities | Analyze Root Cause | Business Value Mapping | Biggest Bang on Buck & Actions | Monitor Improvements |

Value Management > Value Check

Value Management | Value Check … How to?

1

Discover Opportunities → Analyze Root Cause → Business Value Mapping → Biggest Bang on Bucks & Actions → Monitor Improvements

Why?
To emphasize on a value driven mindset, either as part of project initiation or „the earlier the better", **measurable value driver** and opportunities should be identified and well structured

How?
Per Process Area: use e.g. exisiting Corporate Steering or Financial Business Driver Models, BearingPoint KPI Libraries or Value Lifecycle Manager for joint commitment of target KPI portfolio
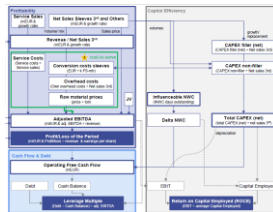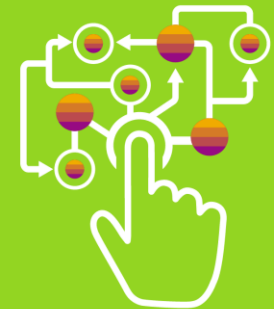

KPILibrary

Outcome
Value Driver / KPI long list defined per Process Areas in scope of Transformation

Value Management

SAP S/4 HANA

Value Management | Value Check … How to?

2

Discover Opportunities → **Analyze Root Cause** → Business Value Mapping → Biggest Bang on Buck & Actions ⇢ Monitor Improvements
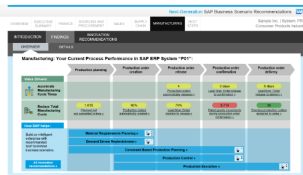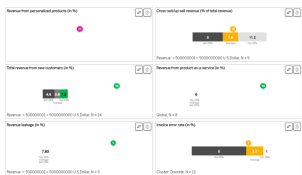
Why?
Long list KPI´s & Value Driver must be **stress-tested** against both industry benchmarks and especially against Corporate „real-life" as-is values

How?
Per Process Area: utilize e.g. SAP BSR*, VLM*, S/4HANA Readiness Check, Process Mining to verify both as-is and target KPI´s

Outcome
Value Driver (Tree) / KPI short list defined per Process Area in scope of Transformation including agreed **ambition levels** (> target values)

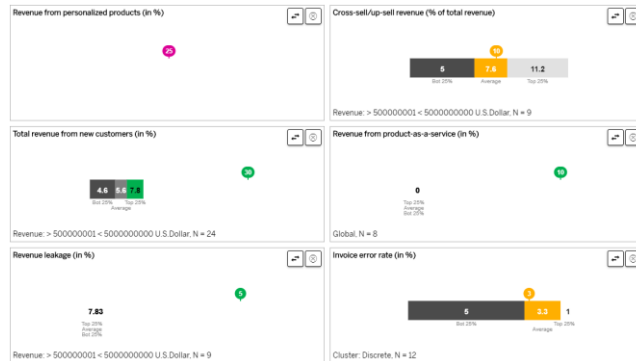* BSR = SAP Business Scenario Recommendation; VLM = Value Lifecycle Manager

Value Management

SAP S/4 HANA

Value Management | Value Check … How to?

2

Discover Opportunities → **Analyze Root Cause** → Business Value Mapping → Biggest Bang on Buck & Actions → Monitor Improvements

Value Lifecycle Manager – free of charge

Business Scenario Recommendation– free of charge

(Technical) Readiness Check– free of charge
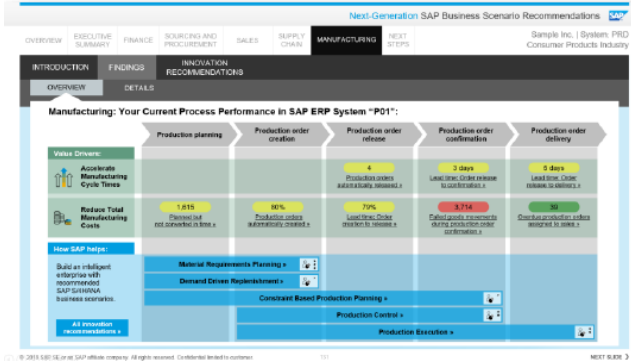
Process Mining – additional costs

Value Management

SAP S/4 HANA

Value Management | Value Check … How to?

③

| Discover Opportunities | Analyze Root Cause | **Business Value Mapping** | Biggest Bang on Buck & Actions | Monitor Improvements |
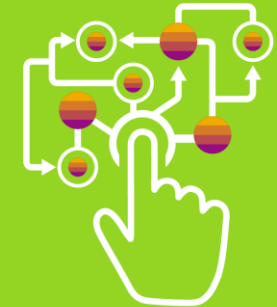
Why? Project goal is transfered into scope statement, to-be process scope and project **product backlog** – in many cases, not clearly connected to **business values**

How? **Business Value Game:** all Stakeholders are invited to meet, where they will have to vote for the Business Value of each of the feature with Poker Cards.

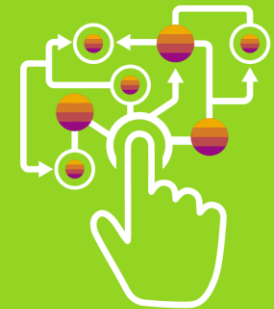Any business value is connected to a **Value Driver resp. KPI´s.**

voluntary: **"Ease to implement"** of features can be pre-assessed by stake-holders: relevant dimensions are costs – time – complexity – standalone

Outcome Business Value of major scope items (resp. features, epics) is jointly assessed by utilizing short listed Value Driver / KPI´s whereever possible

Value Management

SAP S/4 HANA

Value Management | Value Check … How to?

③

Discover Opportunities → Analyze Root Cause → **Business Value Mapping** → Biggest Bang on Buck & Actions → Monitor Improvements

are you familiar with Planning Poker?
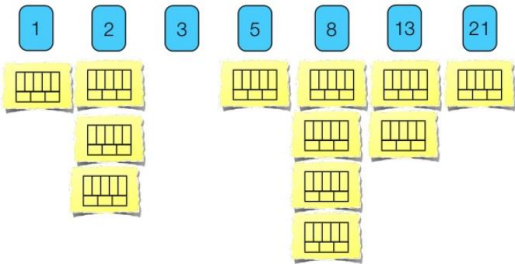
Value Management

THE CHALLENGE

- Stakeholders drop their **individual wishes**
- Mostly **wishes are not market orientated**, the **need is not validated**
- **Business Value** is not transparent or clearly illustrated
- Stakeholders **do not agree** on priorities

THE SOLUTION

1 2 3 5 8 13 21

- All stakeholders are invited to the **Product Management Board meeting**
- **Product Owner gives overview** of scope items, features, epics, etc.
- **Q&A** with stakeholders and pre-assignment of **Value Driver / KPI´s**
- Choosing **baseline feature** for business value estimation
- **Card voting on the business value** of each of the features
- People with **high and low estimates have to justify** their POV
- Afterwards voting again, until **general agreement** is found and KPI is selected

SAP S/4 HANA

Value Management | Value Check ... How to?

④

| Discover Opportunities | Analyze Root Cause | Business Value Mapping | **Biggest Bang on Buck & Actions** | Monitor Improvements |

Why?

"Biggest Bang on Bucks" is a simple but expressive, mandatory way to balance each scope item according to both „**Business Value**" and „**Ease to Implement**"

How?

A rough but reasonable **assessment** is needed for each scope item with regard to a mixture (tbd) of

- *costs to implement*
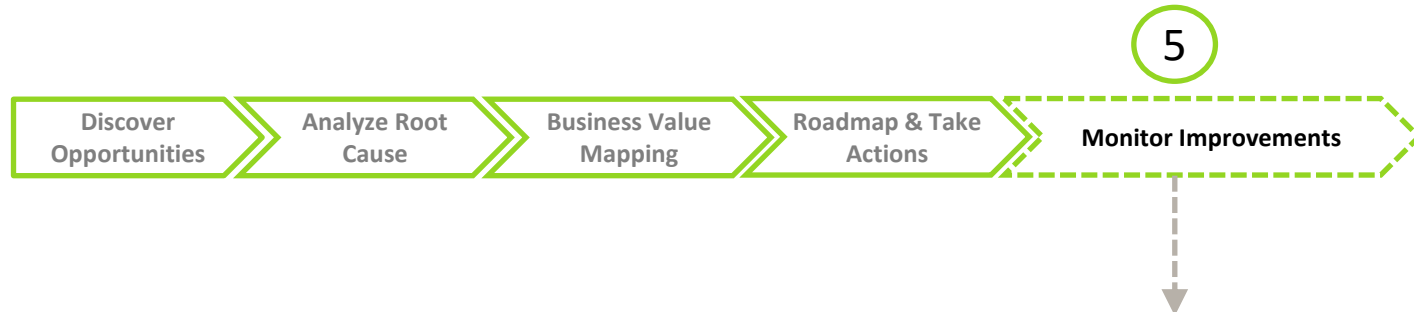- *time to value*
- *complexity of item*
- *standalone delivery*

Outcome

Positioning of relevant Scope Items on Value Heat Map as a prerequisite for **Roadmap** and **Project Plan revision**

easy

| | Quick Win?! | | Go! |
Ease to implement

| | No! | | Investigate |

hard

low   **Expected value**   high

Value

Management

SAP S/4 HANA

Value Management | Value Check ... How to?

⑤

| Discover Opportunities | Analyze Root Cause | Business Value Mapping | Roadmap & Take Actions | Monitor Improvements |

Why? Once S4 Transformation Value Check is initially completed, a continuous monitoring and control for the **level of achievement** is essential.

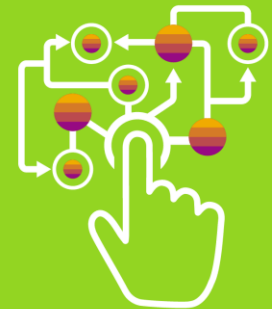**How?** Define **Value Gates** as part of overall Project Scheduling and Value Management (VG1 – end of Exploration, VG1 – User Acceptance Test, VG2 – after stabilization phase, VG3 – after one full business period)

Connect **Compensation Plan** of Stakeholders to agreed target KPIs and Value Driver

Outcome **Value (!)**

Value

Management

SAP S/4 HANA

3. Value Check: Project Example

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Very unique Customer situation in his SAP S/4HANA Transformation Project

Value is key

- The project has already commenced. The first phases until Explore have been already conducted

- With the pandemic Covid-19, customer has chosen a new project setup with for the continuation of the project

- A proposition of beneficial values along the project lifetime should be considered where possible

- Most probably an agile, but down-to-earth, project approach is desired

- Ongoing enablement of strategic priorities:

  - E2E process standardization and automation

  - Data quality

  - Business analytics and reporting

  - Efficiency in logistics

  - User and customer centricity

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Major challenges & success factors

Customer was seeking for early, value adding results

MAJOR CHALLENGES

- Value drivers should be accepted by customer

- Positioning and acceptance of BearingPoint with the relevant expertise and unique approach including the value check

- Convincing customer of the use of SAP S/4HANA standard processes

- Localization requirements could jeopardize customers group target

SUCCESS FACTORS

- **Early Success** - Enabling customer to the most beneficial transformation by adding values

- **Collaboration** - Identifying a good and trustful way of working between Customer and BearingPoint

- **Smooth Transition** - Implementing a valuable Change Management

- **Focus** – Scope management should be always the target by doing the important things right

- **Budget** – Keep the project budget

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Value Check as differentiating element in the upcoming S4 HANA transformation roadmap

- Structured approach, "**BearingPoint's Value Check**" helped identifying business value as part of the transformation

- Priorization and positioning of relevant scope Items on **Value Heat Map** creates transparency for the customer

- **Synchronization and alignment** of project plan now possible

- Outcome of the assessment:

  - **15 scope items** positioned in the magnitude of costs to implement, time to value, complexity of item and standalone delivery

  - **5 of them identified as "Go" items,** therefore part of the transformation roadmap

Quick Win?! | Go!

No! | Investigate

Ease to implement (easy / hard)
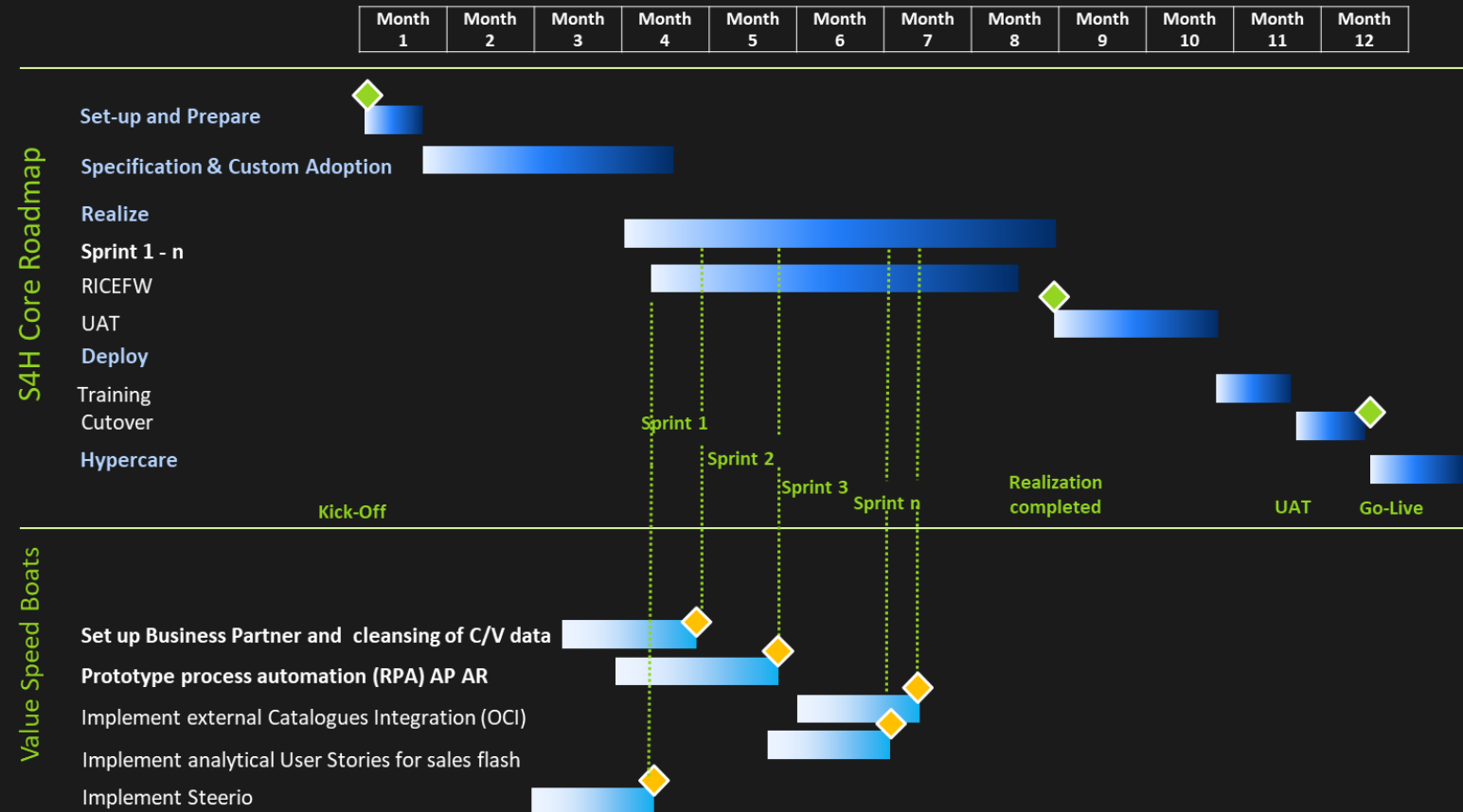Expected value (low / high)

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BearingPoint is balancing expected value and implementation complexity to maximize our customers benefits
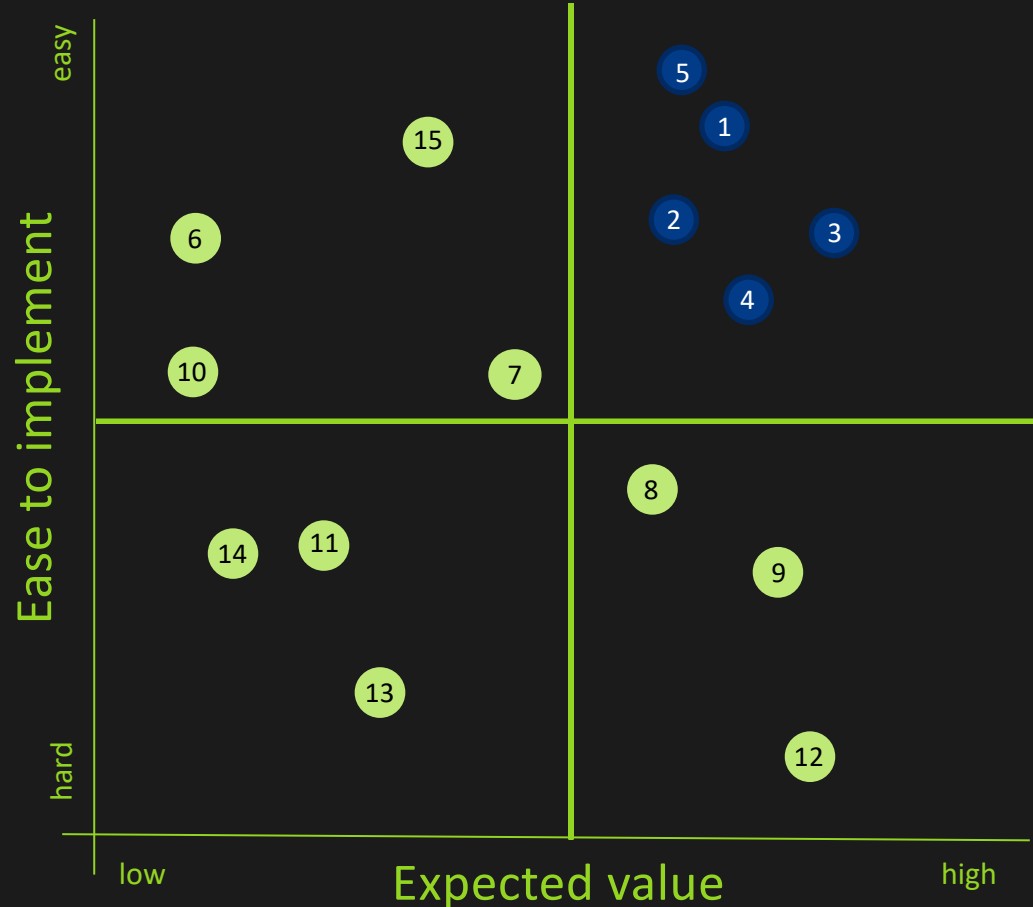
1. Implement analytical User Stories for sales flash and provide first reports in SAC based on uploaded or SQL data
   Value driver: Increase sales forecast accuracy

2. Identify and prototype process automation (RPA) opportunities in payables and receivables management
   Value driver: increase process automation rate in finance

3. Set up Business Partner concept and first cleansing of C/V data
   Value driver: Improve data quality

4. Implement external Catalogues Integration (OCI) cross-country; e.g. indirect purchasing
   Value driver: Decrease maverick buying rate

5. Introduce project feedback culture and implement Steerio tool
   Value driver: Increase project satisfaction rate

Parallel realization – Overall S4/HANA transformation and in parallel a selection of value projects starting

Standard S4Hana Project transformation in an agile approach

Fully customized to the needs of customer

Results of Value Check as basic element of the transformation

Clear milestones for early results as completed and available functions

Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12

S4H Core Roadmap

Set-up and Prepare

Specification & Custom Adoption

Realize

Sprint 1 - n

RICEFW

UAT

Deploy

Training

Cutover

Hypercare

Sprint 1

Sprint 2

Sprint 3

Sprint n

Realization completed

Kick-Off

UAT

Go-Live

Value Speed Boats

Set up Business Partner and cleansing of C/V data

Prototype process automation (RPA) AP AR

Implement external Catalogues Integration (OCI)

Implement analytical User Stories for sales flash

Implement Steerio

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4. Conclusion

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Value Management | Value Check

Important part of digital S4H Business & IT Transformation

✓ Embedd result-driven, holistic approach early

✓ Achieve value driver ownership & commitment

✓ Practice permanently not one-time

Conclusion

✓ First things first > define „fast time to value" roadmap

✓ No over-engineering > keep it simple & measurable

✓ In long-term projects, accept changes in value priorities