Next Generation Benchmarking
Improve Performance and Enable the Intelligent Enterprise

Sonal Gupta, Global Experience Management Engineering
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Agenda

- Performance Benchmarking in Experience Economy
- SAP’s Next Generation Benchmarking
- Top KPIs & Best Practices that matter
- Making it real – Addressing CFO challenges
- Customer Success
- Getting Started
The Reinvention of SAP’s Value Lifecycle Manager

Next Generation Benchmarking
Helps organizations benchmark themselves, identify critical process maturity gaps and envision an Intelligent Enterprise

Available Now
45 survey assessments
~ 500 submissions
All LoBs and 5 industries

Guided Business Case
Create business case with ease by linking process/products to business value to capabilities to Investments to project economics (NPV, ROI, etc.)

Tool Link -
https://valuemanagement.sap.com/nextgenerationbenchmarking
Next Generation Benchmarking
Unlock Value in the Experience Economy with X + O Data

**WHAT**

What is Happening?

**OPERATIONAL DATA**

Performance Benchmarking to assess Operational Metrics & Practices

**WHY**

Why is it Happening?

**EXPERIENCE DATA**
Benchmarking is One of the Preferred Value Management Tools
Helps Guide Customers to be Peer Best

1. **Process Gap Analysis & Prioritization**
   - Identify key areas of process improvement opportunity

2. **Establish Performance Baseline to gauge Success**
   - KPI and process measurement before a transformation

3. **Intra-company/ Global Benchmark**
   - Comparison between divisions and/or regions

4. **On-going Performance Management**
   - Comparison of current performance to past performance
The SAP Benchmarking Journey

Performance Benchmarking in the Experience Economy

From Then...

- 2004 ASUG / SAP collaboration
- Structured, codified way to measure process maturity
- E2E business process benchmarking and business case creation
- 15,000 customer submissions, 11,000 companies participate
- Focus on one-time participation

To the Future...

- Next Generation Benchmarking
- Performance measurement based on top KPIs and Best Practices, helping organizations better understand the digital maturity of their processes
- 500+ submissions already on the new platform
- Focus on Continuous Value Measurement
Next Generation Benchmarking powered by SAP
Continuous value measurement as you move through your journey to an intelligent enterprise!

Driving Your Finance Transformation Journey

SAP S/4HANA + SAP Leonardo

IMPLEMENTATION

CONSIDERATION

POST GO-LIVE

MEASURE
MONITOR
OPTIMIZE

Evaluate Key Metrics

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance Cost (% of Rev)</td>
<td>1%</td>
</tr>
<tr>
<td>Financial Forecast Accuracy (in %)</td>
<td>75%</td>
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<tr>
<td>0.45%</td>
<td></td>
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<tr>
<td>95%</td>
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</tr>
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</table>

Assess Next Practices Maturity

1: Involvement in Transactional Activities
2: Manual effort intensive processes
3: Execution of Operational Processes
4: Intelligent Automation
5: Strategic Advisor

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Next Generation Benchmarking powered by SAP

**Next-Practices for the Intelligent Enterprise**
- Designed to help organizations **benchmark** themselves, identify critical gaps and envision an **Intelligent Enterprise**
- **Top KPIs and Next Practices** aligned to the end to end value chain enabled by the power of digital technologies

**Delivered via One Global Value Framework**
- Collaborative & Interactive Platform built on SAP HANA and SAP Cloud Platform technologies
- The platform is designed to ensure that customer data is protected and adheres to GDPR compliance policies

**Personalized Insights for Customer Follow Up**
- **Online Scorecard** - An interactive online scorecard providing insights in real-time for KPIs and best practices
- **Detailed Report** - A detailed PowerPoint report with benchmarking scorecard and customer success stories
Data Privacy & Usage Guidelines

Customer and Peer Data

Customer data are highly confidential and managed securely from start to completion. Our portals are GDPR compliant.

Data Usage

Company-specific profile data is not shared outside of any pre-existing (if any) collaboration and is used to create benchmark peer sets which are fully neutralized.

Benchmarking Assets and Publications

SAP may create thought leadership assets leveraging insights from mining benchmarking database. These are fully neutralized and will never reveal company-specific data.
Content to Measure Value in Digital Economy

**Business Operational KPIs + Next Generation Best Practices + Maturity Models**

### Marketing
- Core Marketing Operations
- Customer Data Mgt.
- Customer Experience
- Marketing Automation
- Marketing Insights

### Commerce
- Customer Experience
- Product Catalog Mgt.
- Pricing and Promotions
- Distributed Order Mgt.

### Sales
- Collaborative Quote to Cash
- Sales Performance Mgt.
- Sales Force Automation

### Service
- Omni-channel Customer Service
- Field Service Execution
- Service Planning and Administration

### R&D
- Ideate
- Prioritize
- Design
- Validate
- Scale-up Production
- Manage Lifecycle

### Supply Chain
- Demand Management and Insights
- Response and Supply Planning
- Sales, Inventory and Operations Planning
- Warehouse Management
- Transportation Management
- Logistics Network

### Asset Mgmt
- Capital Portfolio and Project Mgt.
- Asset Operations and Maintenance
- Environment, Health & Safety (EHS)

### Procurement
- Supplier Management
- Collaborative Sourcing & Contract Management
- Spend Analysis
- Operational Procurement
- Invoice and Payables Mgt.
- Supply Chain collaboration

### Manufacturing
- Production Planning and Detailed Scheduling
- Manufacturing Engineering
- Manufacturing Execution
- Manufacturing Network
- Manufacturing Analytics
- Quality Management
- Environment Health and Safety

### Finance
- Financial Planning and Analysis
- Accounting & Financial Close
- Treasury Mgt.
- Receivables Mgt.
- Payables Mgt.
- Finance Shared Services
- Real Estate Mgt.
- Enterprise Risk & Compliance
- Employee Initiated Spend (T&E)
- Working Capital Mgt.

### HR
- HR Strategy & Planning
- Talent Acquisition
- Talent Mgt.
- Core Human Resources & Payroll
- Time and Attendance Mgt.

### IT
- Analytics
- DDM
- Best Run IT
- Cloud ERP

### Cross Processes
- Enterprise Health Check - Manufacturing
- Quote to Cash
- Intelligent Enterprise

### Industry
- Professional Services
- Consumer Products
- Retail
- Defense & Security
- Industry Machinery & Components

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### Top KPIs that matter across end-to-end value chain

<table>
<thead>
<tr>
<th>MARKETING</th>
<th>COMMERCE</th>
<th>SALES</th>
<th>SERVICE</th>
<th>R&amp;D</th>
<th>SUPPLY CHAIN</th>
<th>ASSET MGMT</th>
<th>MANUFACTURING</th>
<th>PROCUREMENT</th>
<th>FINANCE</th>
<th>HR</th>
<th>IT</th>
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<tbody>
<tr>
<td>- Cross-Sell/Up-Sell Revenue</td>
<td>- Cart abandonment rate</td>
<td>- Sales achievement</td>
<td>- Customer service satisfaction</td>
<td>- Time to market for new products</td>
<td>- Forecast accuracy</td>
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<tr>
<td>- Offer / Promotion Conversion Rate</td>
<td>- Digital channels conversion rate</td>
<td>- Sales forecast accuracy</td>
<td>- Service and support revenue growth</td>
<td>- Days in Inventory</td>
<td>- Days in Inventory</td>
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<tr>
<td>- Customer Churn</td>
<td>- Average order value</td>
<td>- Proposal conversion rate</td>
<td>- New products revenue</td>
<td>- Supply Chain Costs</td>
<td>- Supply Chain Costs</td>
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<tr>
<td>- Revenue from new customers</td>
<td>- Commerce revenue growth</td>
<td>- Qualified sales lead</td>
<td>- Personalized products revenue</td>
<td>- Losses due to stock outs</td>
<td>- Losses due to stock outs</td>
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<tr>
<td>- Marketing cost</td>
<td>- Order to cash cost</td>
<td>- Order to cash cost</td>
<td>- Average SLA compliance</td>
<td>- On-time delivery performance</td>
<td>- On-time delivery performance</td>
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<td></td>
<td>- Sales force turnover rate</td>
<td>- Complaints and returns cost</td>
<td>- Complaints and returns cost</td>
<td>- Transportation spend</td>
<td>- Transportation spend</td>
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<td>- Inventory carrying cost</td>
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</tbody>
</table>

### 600+ KPIs Overall

- Cross-Sell/Up-Sell Revenue
- Cart abandonment rate
- Sales achievement
- Customer service satisfaction
- Time to market for new products
- Forecast accuracy
- Offer / Promotion Conversion Rate
- Digital channels conversion rate
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- Average SLA compliance
- R&D expense
- Cart abandonment rate
- Sales forecast accuracy
- Proposal conversion rate
- Qualified sales lead
- Order to cash cost
- Sales force turnover rate
- Customer service satisfaction
- Service and support revenue growth
- Average SLA compliance
- Complaints and returns cost
- Time to market for new products
- New products revenue
- Personalized products revenue
- Revenue from product-as-a-service
- Forecast accuracy
- Days in Inventory
- Supply Chain Costs
- Losses due to stock outs
- On-time delivery performance
- Transportation spend
- Inventory carrying cost

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Next Practice: Accounting is a continuous process enabling the organization to conduct fast, soft and predictive closing.

1. Manual and effort intensive close activities that do not begin until period end

2. Partial system support: reliance on manual, error-prone effort with no transparency on the current status or performance

3. End to end process management cockpit for a faster close and increased steering capability

4. Able to perform soft/daily close (Event-triggered execution) that provides faster steering capability

5. Predictive closing based on intelligent solutions for reconciliations, proposals, repetitive tasks and error handling
Next Practice: The organization has a process to optimize marketing offers to boost marketing returns

1. **Manual**
   - Ad-hoc marketing offers are in place to increase product sales

2. **Fragmented**
   - Product / service usage drive marketing offers

3. **Descriptive**
   - Direct offers sent as email based on statistical techniques while satisfying budget constraints

4. **Predictive**
   - In-moment real time offers align to customer preferences to increase activity with recommendation engines

5. **Prescriptive**
   - Continuous optimization of next best offers based on behavior data through machine learning. Leverages game theory to create direct offers
Making it real: Helping CFO’s in Transforming Finance

Why is our financial forecast so way off every time?

How do we reduce our growing bad-debts?

Which other finance transformation areas should I focus on?

CFOs Challenges

Please provide:

- Forecast Accuracy
- Finance Cost

Rate on a scale of 1 to 5

All operational receivable processes are automated

Desired Maturity
- 1
- 2
- 3
- 4
- 5

Current Maturity
- 1
- 2
- 3
- 4
- 5

Please provide:

- Forecast Accuracy
- Finance Cost
- Rate on a scale of 1 to 5

All operational receivable processes are automated

Desired Maturity
- 1
- 2
- 3
- 4
- 5

Current Maturity
- 1
- 2
- 3
- 4
- 5

Take Next Generation Benchmarking Finance Assessment focusing on:

- Top KPI’s – Financial Forecast Accuracy, Finance Cost, Uncollectible write-offs
- Next Practices – Is finance a strategic business partner? Are operational processes automated?

• Assessment scorecard with peer benchmark comparison

• Helps benchmark, identify critical gaps and develop a solution road map
  - Finance a key enabler for strategic initiatives powered by “what if” analytics and instant visibility
  - Transactional finance processes are intelligent & automated
  - Budgeting and forecasting is a continuous process with simulation of key business drivers
Customer Success

500+ submissions

“It’s a good initiative by SAP to gain a better understanding of the Client’s Industry and business practices. The questions helped us to benchmark our maturity levels in various finance areas and focus on areas of improvement. It was easy to use, had insightful questions and re-confirmed our approach in resolving our Finance issues.”
- Major Pharmaceutical Company in UK/I

“Report was very interesting; used it directly as input for one of the strategy meetings in finance & controlling. Best Practice 1-5 maturity model provided as aid and help create immediately a lot of new ideas for how to move forward.. Didn’t expect something like this in a benchmarking survey”
- Manufacturing company, Germany
Start now!
Here's a simple 4-step process

1. Access
Click on [NGB platform link](https://www.sap.com).
Login through Single Sign on or

2. Profile Information
Start Benchmarking Journey and Select Process Scope
Input Profile Data and Start the survey

3. Data Collection & Validation
Complete the Survey and validation checks

4. Get Results
Click on View Scorecard to see the results in real-time (downloadable in PPT).
For any changes to peer group selection, reach out to an SAP PoC or [valuemanagement@sap.com](mailto:valuemanagement@sap.com)

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Thank you.

Please reach out to sonal.gupta01@sap.com or SAP Value Management for more information
Appendix – Survey Catalogue