

Reliance Industries Limited

Executive Board Presentation
BEST BUSINESS PRACTICES & MEASURES



SAP INDUSTRY BLUEBOOK : Oil & Gas

APPROACH WHITE PAPER
BUSINESS TRANSFORMATION SERVICES

28th June 2010

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INDIA SUB-CONTINENT. BANGALORE



THE BEST-RUN BUSINESSES RUN SAP™



Agenda



Energy Industry Highlights – & Value Drivers

 Oil & Gas – Best Business Practices

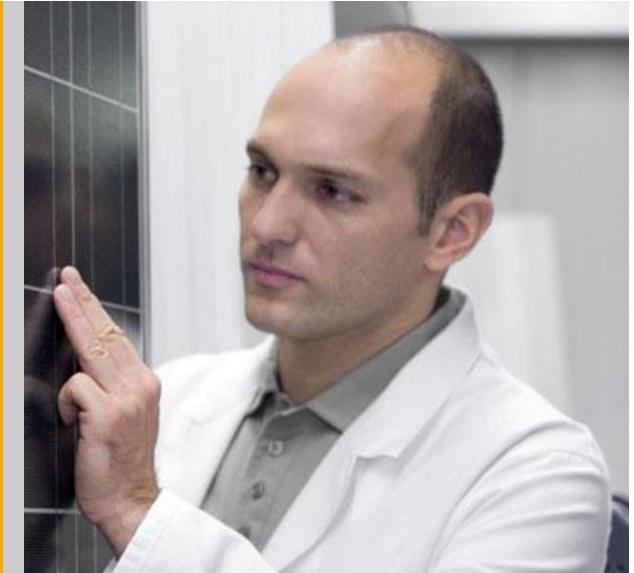
Best Business Practice – Baseline Scenarios

SAP INDUSTRY BLUEBOOK : Oil & Gas

Volume - 2 (PART - C)

Oil & Gas - Best Business Practices

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Content – Volume(2)



Planning Building Commissioning Assets

Optimized Asset Operation & Maintenance

Fuel Replenishment & Terminal Automation

Fuel Price Management

Oil & Gas - Strategic Sourcing & Procurement

Venture Partnership (JVA)

Operation Risk management in Oil & Gas

Oil & Gas – Risk Compliance

Oil & Gas – UpStream Operations

Oil & Gas – Down Stream Marketing & retailing

Content – Volume(2)

O&G – Primary & Secondary Distribution

O&G – Terminal Automation

O&G – TSW & Scheduling Cockpit

O&G - Pipeline Visualization

O&G - Sustainability

O&G – Refining & Manufacturing

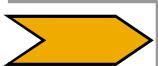
O&G – Supply Transmission & Trading

O&G – High Performance Organization

O&G – Energy Data Management

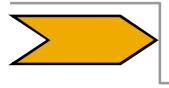
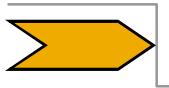
O&G – Identity Management

Content – Volume(2)

-  O&G - HR Operations
-  O&G - Core HR / Global Payroll
-  O&G - Operational Financials
-  O&G - Financial Closure
-  O&G - Financial Analytics
-  O&G - Consolidation & Strategic IT
-  O&G - International Trade & Scheduling
-  O&G - Bulk Transportation Management
-  O&G - Work Force Scheduling
-  O&G - Asset Safety & Compliances

Content – Volume(2)



-  O&G – Process Integration
-  O&G – Enterprise Performance Management
-  O&G – Business Intelligence / Platform

Best Practice Value Scenario

O&G – SUPPLY , TRANSMISSION & TRADING



THE BEST-RUN BUSINESSES RUN SAP™



Key trends are driving change in the Oil&Gas Midstream business



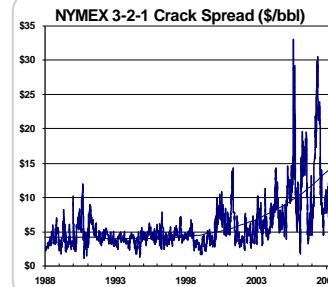
Increasing customer demands and environmental complexity are driving the need for constant innovation

Increasing Government Regulation



- Sarbanes Oxley
- Sanction Party compliance
- Hedging laws – IAS 39, FAS133
- Excise taxes
- Environmental controls

Volatile market dynamics



- Tight Supply – Demand Balance
- Geo-political uncertainties
- Shifting global demand patterns

Emerging market scenario



- Expansion of NOC's
- Demand increases in China, India and Eastern Europe
- Change in supplier World Order – diverging supply sources

Intense Competition



- Regional / National Oils play major roles in their geography
- Market consolidation and rationalization
- Global market dominated by "Super Majors" and key "Nationals"

The need for constant innovation affecting industry business models



Customers are demanding more flexible business models and companies are innovating to support them

Increasing Government Regulation

- Minimize interactions between core business processes and the environment
- Develop or utilize techniques, procedures and technologies to minimize the impact on the environment.

Volatile market dynamics

- Increasing trend of strategic investments to control and access resources.
- Adopting global operating models

Emerging market scenario

- Increasing strategic investments to acquire new resources
- Partner network gaining high importance

Intense Competition

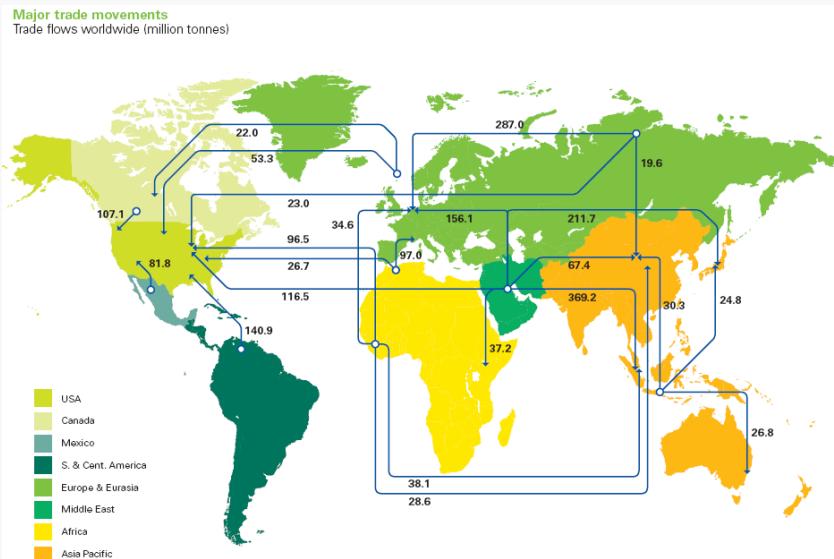
- Continuous structural innovation
- Fierce competition for reserves

Challenges in Oil / Bulk Transportation Management



Oil companies need to have complete visibility to react fast in a rapidly changing global environment.

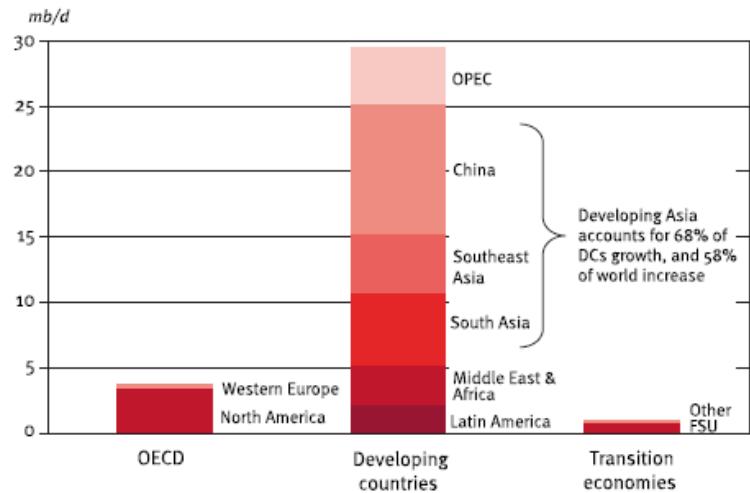
Global oil movements



Source: BP Statistical Review of World Energy 2007

New emerging demand regions

Annual growth in oil demand, 2005–2030



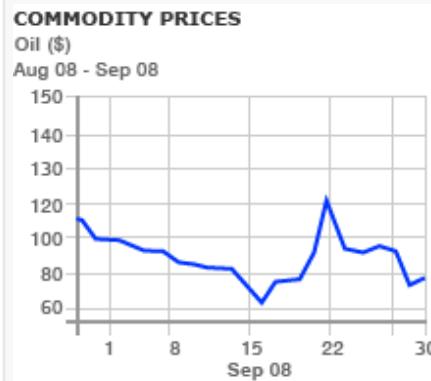
Source: OPEC, World Oil Outlook 2007

Challenges in Oil&Gas Trading / Risk Management

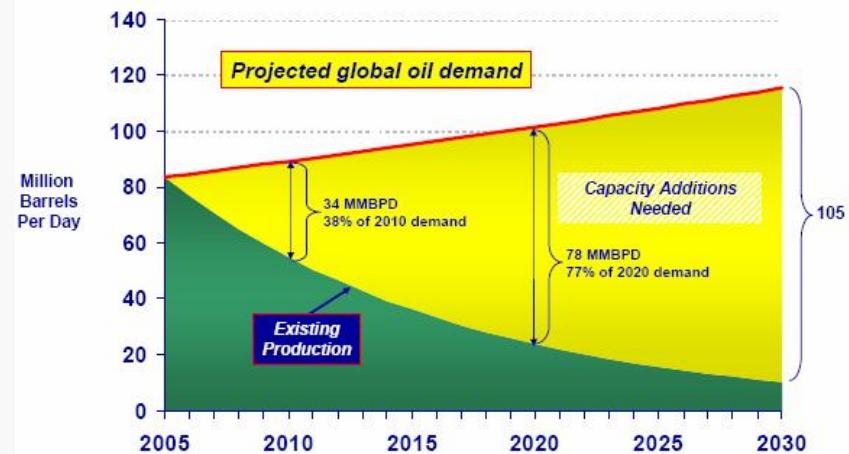


Oil companies need to be able to manage the risks of the changing market.

High volatility of Oil market prices



Projected oil demand vs. production



Sources: www.bbc.com

www.oil-price.net

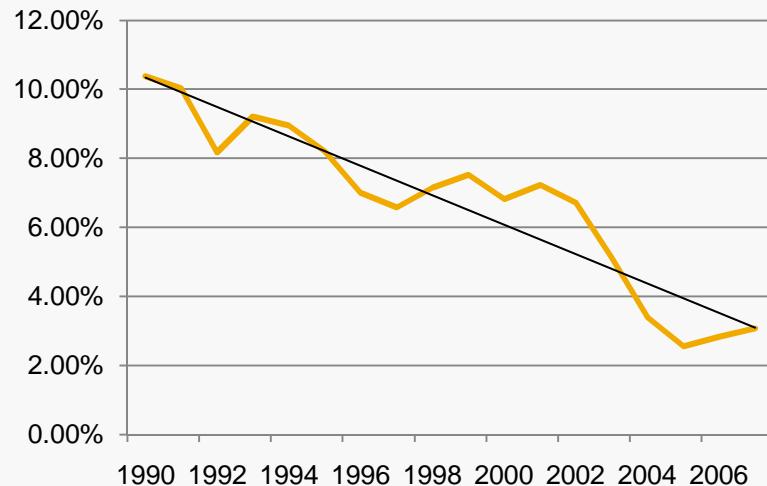
Source: ConocoPhillips Projection Based on IEA World Energy Outlook 2005

Challenges in Oil Procurement & Refining

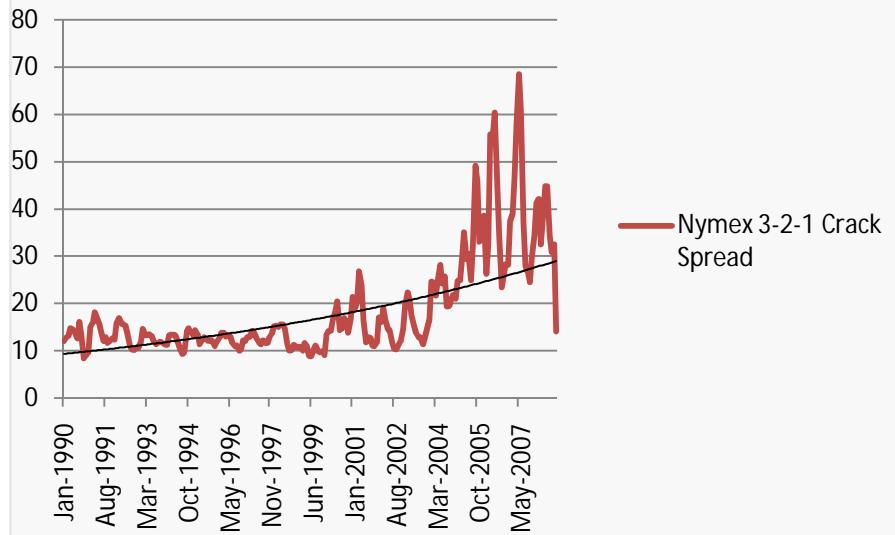


High volatility makes refinery margin management risky.

Reducing Excess Refining Capacity



Volatile Nymex 3-2-1 Crack Spread



Sources: BP Statistical Review-2008

Key Strategic Imperatives for Supply, Transmission and Trading



Increase Revenue

- Obtain real-time supply chain data
- Optimization of supplies to the most profitable markets and segments
- Utilize integrated trading and supply positions to take advantage of market opportunities.

Lower Operational Costs

- Real-time visibility across entire supply chain
 - Integrated scheduling tools
 - Central supply chain master data
 - Seamless data capture
 - Process Automation
 - Accurate forecasting tools

Lower Working Capital

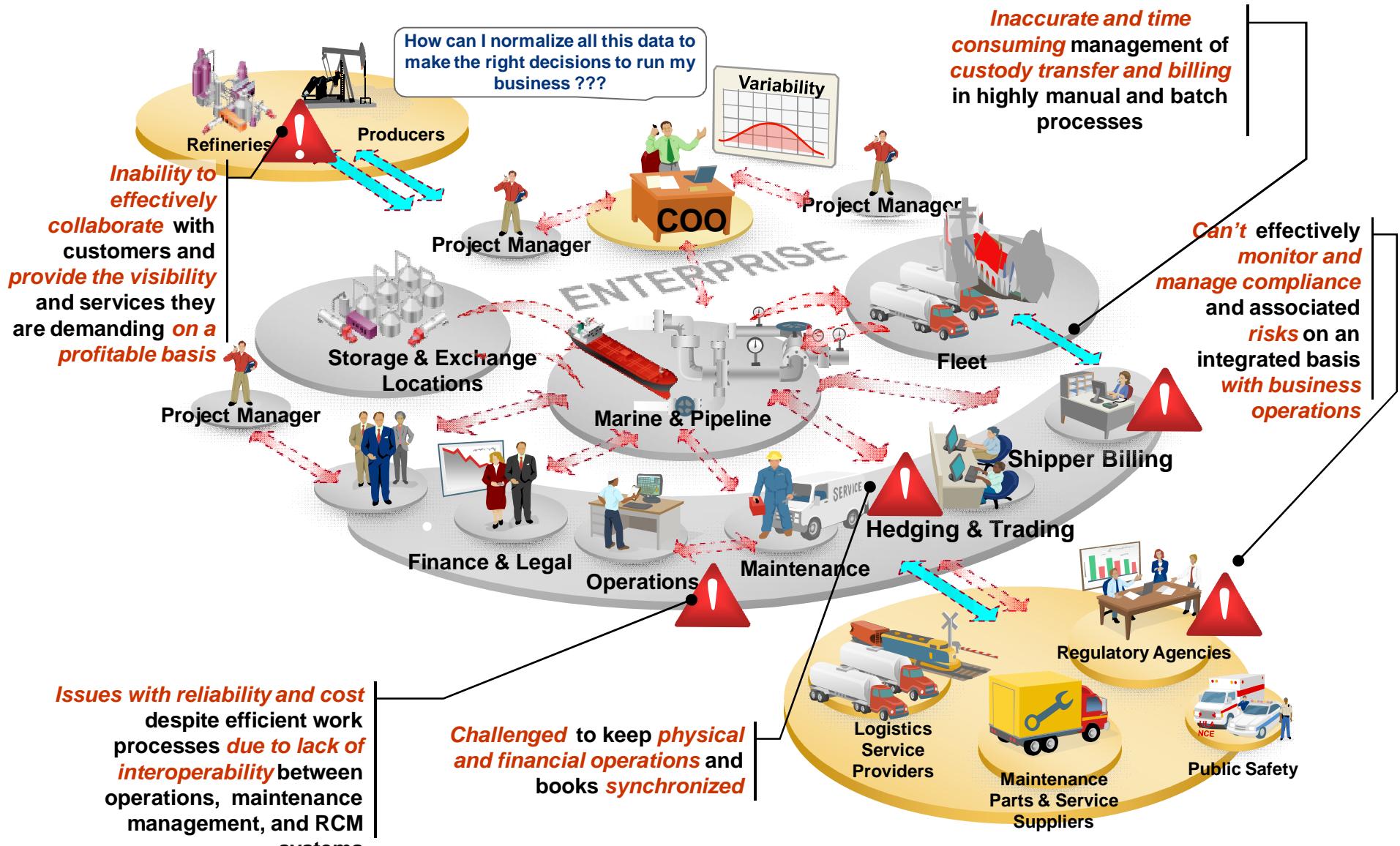
- Integrate planning and execution
- Expedite contract to cash cycles
- Eliminate invoicing errors

Increase flexibility

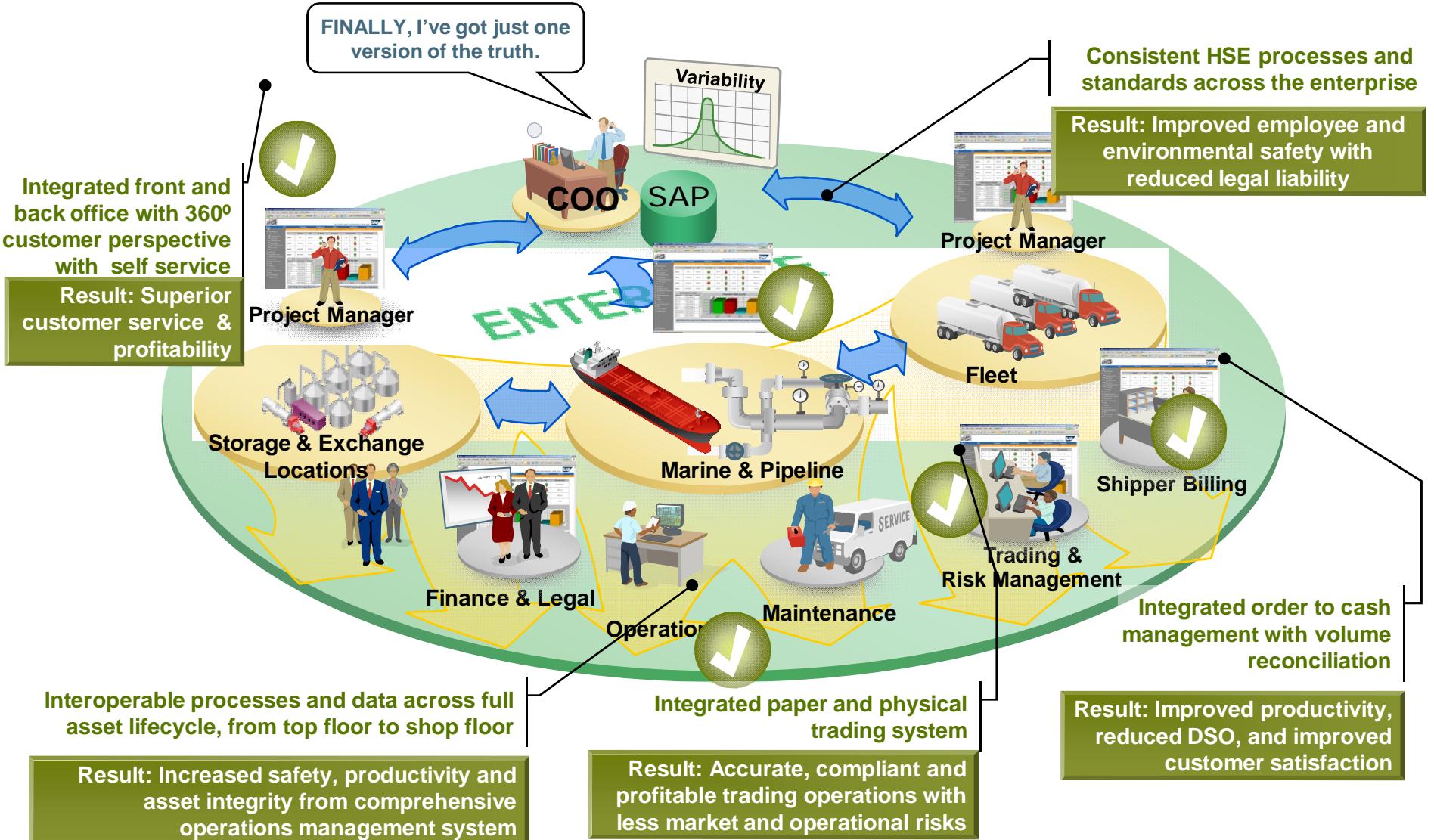
- Have one single platform
- Increase the flexibility of designing new business processes

Compliance

- Need real-time integrated positions (physical = book)
- Need to link deals to hedges



...and how SAP solves the issues in Supply & Trading



Bulk Transportation Management



Bulk Transportation Management

- Oil&Gas companies need to react fast on reliable data from all their assets and modes of transportation, along the whole supply and distribution network
- Bulk Scheduling covers all processes from High-level long-term planning of oil down to detailed scheduling and execution



Solution enabled by SAP

- Integrated system landscape
- All users accessing the same reliable data
- Automated processes
- User role assignment
- Real-time update of physical tank data
- Up-to-date information on inventory levels

Key benefits

- The books are always correct, physical = book once tank data are uploaded
- Take direct actions, alerts are recognized on time
- Best decision support through common real-time data visibility across the landscape
- All scheduling operations are in sync
- Employees are all in line with company goal, no siloes in the business

Integrated Trading & Scheduling



Integrated Trading & Scheduling

- Streamlined trading, logistics and business processes increase transparency and reduce operational complexity
- Effective Integrated Trading & Scheduling connects processes across departments to increase efficiency along the whole supply chain



Solution enabled by SAP

- Greater visibility into overall position
- Effectively coordinate portfolio, logistics, trading and financial execution
- Transparency across business processes
- Ability to manage risk, compliance, audits, reporting for corporation
- Automated processes
- Integrated operations
- Shorter cycles for transaction reconciliation

Key benefits

- Reduced TCO through integrated scheduling, trading & execution
- Better decision support through complete inventory visibility and P&L reporting in real-time
- Increased profits by taking advantage of market opportunities
- Increased revenue through higher scheduling effectiveness
- Reduced risk and increased compliance from single physical and financial book

Managing Risk & Compliance



Managing Risk and Compliance

Enable visibility across the enterprise and ensure transparency for optimal portfolio management.

Reduce risk, increase financial execution and enable compliance for all trading related transactions.



Solution enabled by SAP

- Market analysis and trade strategies for better decision support
- Greater visibility into overall position (P&L reporting)
- Ability to manage and reduce risk through integrated physical and paper trading (hedging)
- Enable compliance, audits, reporting for corporation

Key benefits

- Reduced compliance risk through consistent set of data of overall company positions
- Increased revenue by higher visibility
- Integration: Consistent and real-time data in front-office and back-office (unify operations and execution)
- Transparency, compliance, corporate governance, and business insight

Collaborative Demand and Supply Planning



Demand Planning & Supply Network Planning

- It is necessary to overcome inflexible and unbalanced supply.
- Synchronizing demand and supply will improve customer responsiveness, resulting in supply chain operations as a competitive advantage at lower overall costs.



Solution enabled by SAP

- Synchronized demand and supply plan
- Accurate demand forecast
- Maximize and / or optimize the throughput
- Timely and profitable response to customer demand
- Ensure target & safety stock levels
- Match actual & projected demand

Key benefits

- Increased demand visibility
- Maximized operating margin
- Increased revenue through accurate forecasts
- Improved customer service through higher delivery performance
- Reduce inventory levels
- Meet revenue targets

Logistics and Fulfilment Management



Operations & Scheduling

- Executing within an integrated Logistics and Fulfillment network allows companies to ensure the right product is at the right place at the right time for the right cost.
- These factors are associated with increasing top line revenue and minimizing overall costs associated with inventory, transportation and labor.



Solution enabled by SAP

- Visibility into transportation resources and capacity requirements
- End-to-end process integration and automation beyond company boundaries (partner integration)
- Enhanced exception handling through event management driven by alerts and automated workflows
- Capabilities to manage and meet all safety, regulatory and compliance requirements for imports and exports

Key benefits

- Manage & reduce risks
- Increase customer service
- Maximize asset utilization and reduced stocks
- Increase revenue through better decision making and increased throughput
- Reduce operational costs
- Ensure compliance with latest government regulations and policies

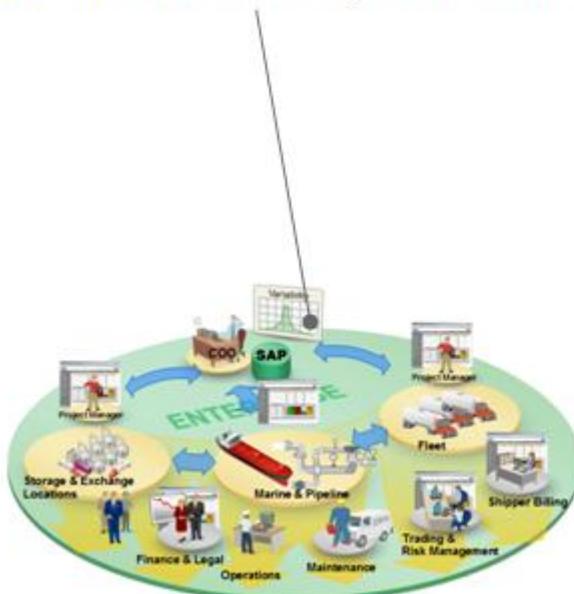
Integrating and Adapting Processes



Flexible Business Process Platform

SAP helps organizations establish their unique business process platforms based on enterprise SOA by delivering:

- Flexible and agile platform for addressing business needs
- Lower TCO from integrated solution



Solution enabled by SAP

- Ready-to-execute software that enables industry-rich business processes
- Reusable enterprise services and process components that support rapid change
- A unified technology foundation for running business processes efficiently
- Innovative business processes enabled by service-enabled applications
- Vibrant ecosystem

Key benefits

- Faster and more flexible business innovation
- Strategic alignment between business and IT. Reduced operating costs
- Reduced total cost of ownership
- Improved user productivity, collaboration, and business insight

Integrated Sourcing and Procurement

Strategic Sourcing and Procurement



Strategic sourcing and collaboration

A Closed Loop between Sourcing and Procurement Enables Critical Transparency into the End-to-end Process From Savings Identification to the Delivery of Realized Savings



Solution enabled by SAP

- **SAP E-Sourcing: RFx Module, End User Bidding and Contract Management**
- **Sophisticated spend analytics** provides data aggregation and enrichment
- **Sourcing analysis, project management, RFx and award**
- **Manage contract activities from** – strategy, creation, negotiation, and finalization
- **Automated procure to pay process** – delivering compliance, supplier collaboration, and increased adoption and productivity

Key benefits

- Actionable spend visibility to maximize spend under management and savings opportunities
- Compliance with sourcing and Development of a qualified supply base to generate further negotiated savings
- Accelerated cycle time to decrease maverick buying and speed-up contract utilization
- Maximize savings delivery, reduce operational costs, increase contract compliance, avoid maverick buying, and improve productivity

Asset Visibility & Performance

Operations are Visible, Allowing Rapid Response & Drill-Down



Asset Visibility and Performance

- Provide a single, real time view of plant & ERP data for managers to take action.
- Maximize returns on a network of assets through optimization



Solution enabled by SAP

- Connect operating systems & Business Applications to dashboards with real time alerts. Asset performance is monitored and events are triggered automatically.
- Bring together data from Operations and Maintenance into unified reporting and KPIs
- Standardize work processes and easy adoption. "Sharing of best business practices between site/plants"
- EAM processes are optimized, balancing efficiency with effectiveness, with all asset content available in a single source SAP® ERP, EH&S,
- Manufacturing Dashboard (MII), and Plant Mobility Solutions

Key benefits

- Stakeholders gain visibility across operations. Data leveraged from the source; No need to change core systems
- Managers and LOB's roll up results and look across sites/plants – benchmark best practices and drive results
- Increasing uptime, reducing overall process costs and enabling faster reaction to changing business requirements
- Optimization of maintenance spend

Operational Risk Management

Enabling Business Process Safety & Compliance



Operational Risk Management

- Operational Risk Management connects the stakeholders with the operational management of safety for the environment, the people and the assets
- This enables you to move beyond compliance and create a proactive risk management strategy and realize it in daily operations



Solution enabled by SAP

- **Keep the Stakeholders Informed and Involved**
 - Closed loop risk management including risk mitigation and prevention
 - Auditable business processes and audit management solution
- **Keep the Environment Safe**
 - Integrated database and company-wide transparency regarding compliance with relevant regulations
 - Emissions and Energy Management
- **Keep the People Safe**
 - Health and safety management
 - Safety trainings and certificates
 - Incident Management
- **Keep the Assets Safe**
 - Reliability centered maintenance
 - Safe Systems of work: Lockout/tagout and work permits

Key benefits

- Operational Risk Management will support companies on their way to operational sustainability
- Mitigate strategic, operational, financial and personal risks
- Clear defined processes for monitoring and reporting conformity to regulatory requirements and corporate policies
- Reduced risk of incidents and fines. Assure health of all employees and contractors
- Safe operations and mechanical integrity through cost effective maintenance and reliability programs

Best Practice Value Scenario

O&G - SUSTAINABILITY



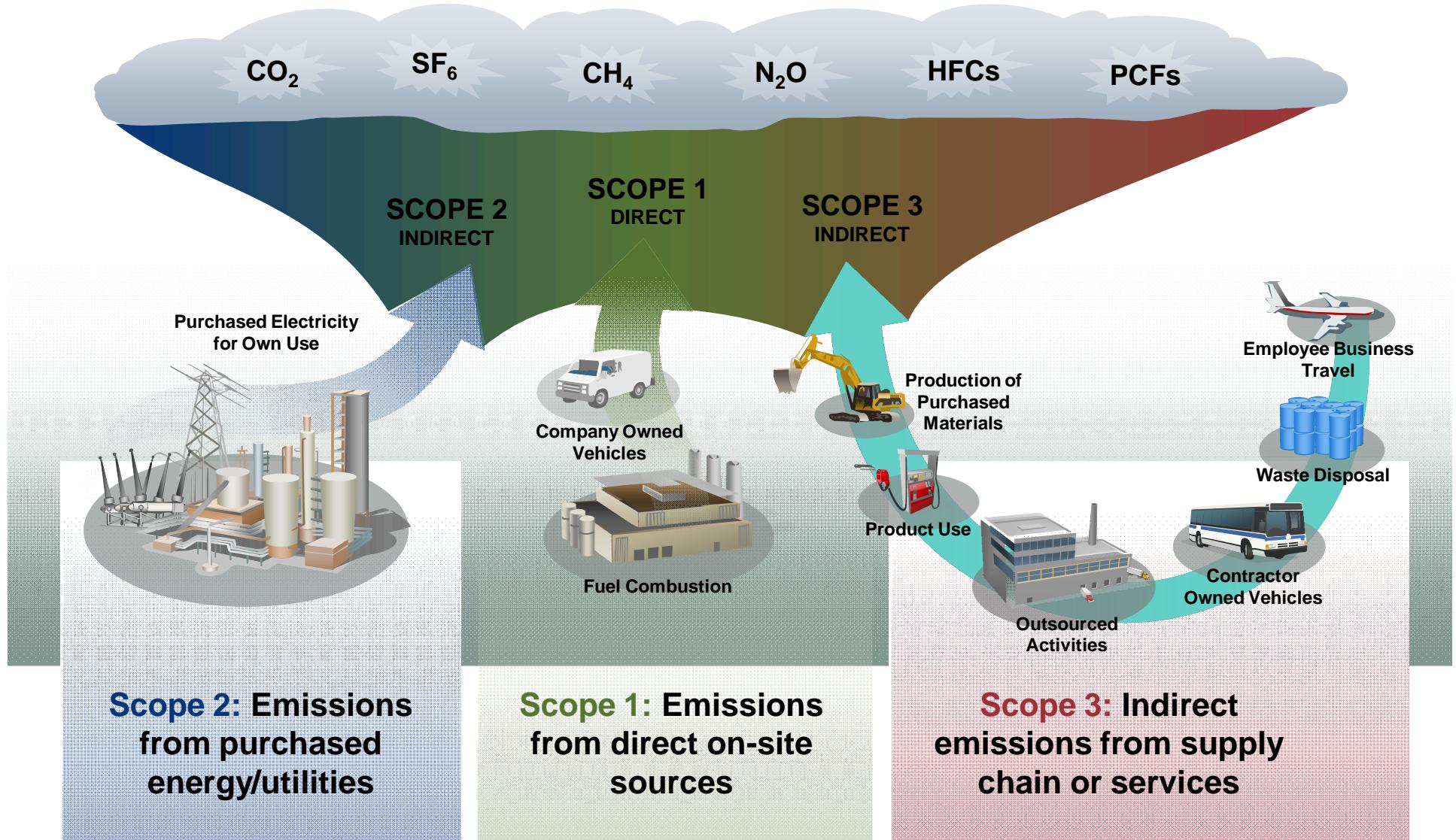
THE BEST-RUN BUSINESSES RUN SAP™



Typical Areas of Concern

- Greenhouse Gas Emissions Data Capture / Tracking
 - Maintenance and reporting of a corporate-wide environmental emissions inventory.
 - Greenhouse Gases (GHG)
 - Carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF₆).
 - Emissions from "direct" (on-site combustion and vented) and "indirect" (imported electricity or imported steam) sources.
 - Data compilation of other reportable emissions/pollutants (e.g. air, water, waste).
 - Computation and forecasting for GHGs and other pollutants.
 - Integration with internal and external systems (plant mntnc., inventory, process controls).
 - Air, water and waste compliance management and reporting for Upstream.
 - Interface with production reporting systems in Upstream.
 - Maintenance and support of “calculations library”

Types of Greenhouse Gas (GHG) Emissions



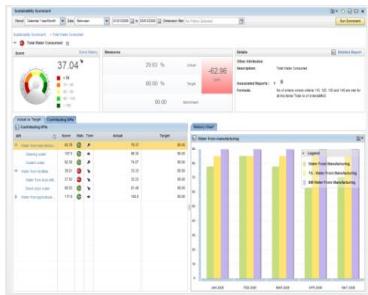
Sustainability Performance Mgt	Assured Reporting	Benchmarking & Analytics	Strategy & Risk	Financial Performance		
Energy and Carbon	Energy-efficient Assets	Energy Management	Carbon Management	Smart Grids		
Product Safety and Stewardship	Product Compliance	Material & Product Safety	Recycling & Re-Use	Recall Management	Product Footprint	Sustainable Design
Sustainable Supply Chain	Procurement	Traceability	Commodity Trade & Risk Management	Resource Optimization	Supply Chain Optimization	
Environment, Health and Safety	Environmental Compliance	Occupational Health	Industrial Hygiene & Safety	Emergency Management		
Sustainable Workforce	Labor Compliance & Rights	Diversity	Talent Management			
IT Infrastructure	Availability, Security, Accessibility & Privacy		Green IT			

SAP Sustainability

... for Oil & Gas



Sustainability Performance Management



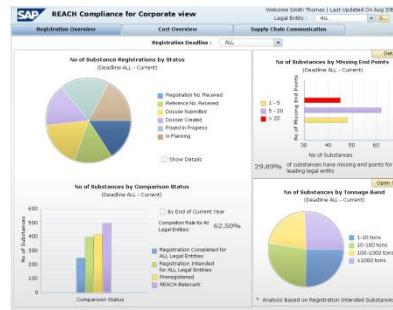
- Assured Reporting
- Benchmarking & Analytics
- Strategy & Risk
- Financial Performance

Energy and Carbon



- Energy-efficient Assets
- Energy Management
- Carbon Management

Product Safety and Stewardship



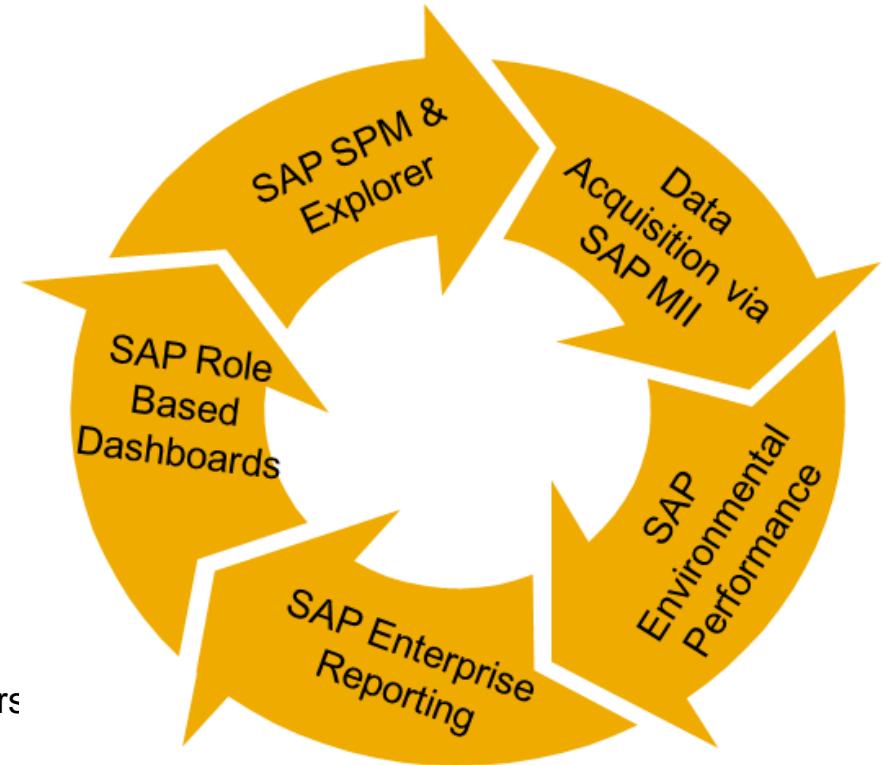
- Product Compliance
- Material & Product Safety
- Recycling & Re-Use
- Product Footprint

Environment Health and Safety



- Environmental Compliance
- Occupational Health
- Industrial Hygiene & Safety

- Carbon Impact
 - Immediate and robust data capture / transformation
 - Enhance and automate voluntary reporting
 - Facility energy management
- EHSM
 - Track and manage employee healthy & safety
 - Track emissions to permit limits
 - Land, Air, Water, Waste, Recycling compliance
- Business Objects
 - Robust and flexible reporting across the organization
 - Dashboards to proliferate content and results
- Sustainability Performance Management
 - Embed Carbon/GHG in corporate KPIs
 - Executive 'Sustainability/ Carbon Dashboard'
 - Communicate carbon content to suppliers & customers
- Manufacturing Integration and Intelligence
 - Accelerate data acquisition
 - Energy management in operations



Best Practice Value Scenario

O&G - HIGH PERFORMANCE ORGANISATION MANAGEMENT



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Macro Changes Drive A Continued War For Talent Trends & Consequences



Globalization & Industry Consolidation



Demographic Changes



Innovation & Growth



Evolving End- User Expectation



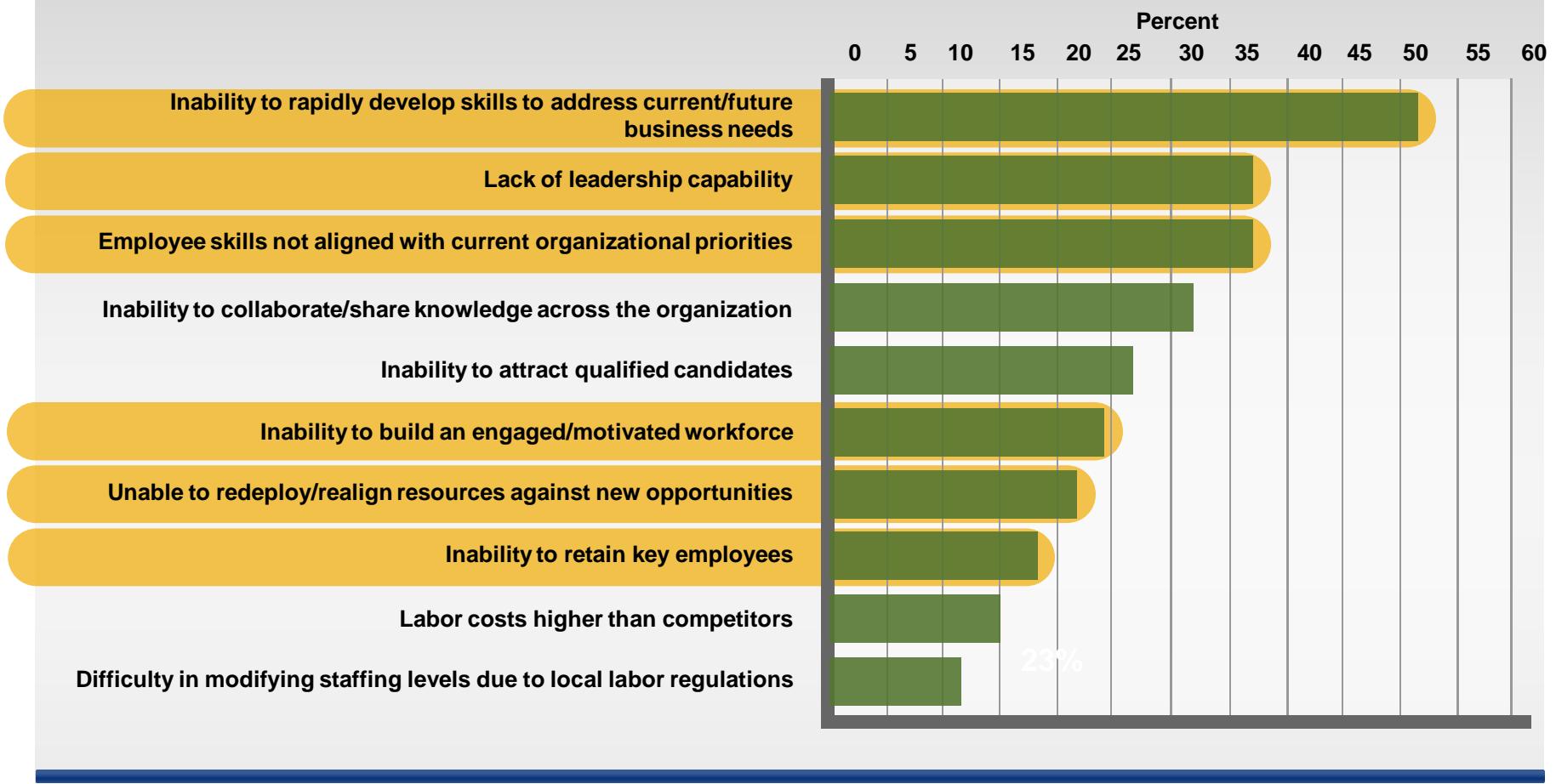
- Global competition for talent
- Adapt workforce with globalization strategies

- Engage multi-generational workforce
- Retain skilled employees
- Manage succession in a global workforce

- Enable employees to innovate faster and up-skill continuously
- Maintain speed of innovation in an aging workforce

- Evolving from a knowledgeable workforce to a “knowledge-able” workforce
- Easy access to experts and knowledge

Figure 6. What do you see as the primary workforce-related issues facing the organization?



What does this mean for your business?



Top Executive Issues

- How do I align my workforce with the organizational objectives?
- How do I identify and prepare future leadership?
- How do I develop my talent?
- How do I create a ready-now workforce?

Untapped Employee Potential



Without clear processes to identify and develop top performing individuals and prospective successors, organizations risk talent and leadership gaps, resulting in potential business disruptions and poor business performance

Maximize Workforce Potential



Organizations have insight into their global workforce with the ability to tap into the potential of every employee ensuring leadership continuity and alignment with key business objectives.

The average age in Oil&Gas industry is 51 and is among the oldest of any industry.
Over 50% of the current workforce will retire by 2015

CERA Survey 2007 – Cambridge Energy Research Associates

Today's Oil&Gas business challenges

- **managing an aging workforce**
- succession planning for retiring workers
- documentation of knowledge for succession management
- attracting specific types of labour
- sourcing new talent to meet the growing needs
- **managing a global workforce**
- retention of key talent
- offer more training and development options



Developing High Performing Organizations

Key Stakeholders & Objectives



Head of HR

Developing a High Performing Organization is best achieved through aligning business stakeholders and HR programs.



LoB Manager



LoB Manager



CLO, LoB Mgr & Employees

Employee Performance Management

Succession Planning

Employee Development

How do I create a ready-now workforce?

How do I align my workforce with the organizational objectives?

How do I identify and prepare future leadership?

How do I develop my talent?

- Employee retention
 - Employee engagement
 - Workforce productivity

- Employee goal achievement
 - Employee satisfaction
 - Reward for performance
 - Organization performance

- Vacancies filled by internal candidates
 - Bench strength
- Quality of successors

- Impact of training programs on workforce productivity
- Development plan progress
- Regulatory training compliance

How do I prepare to address the internal and external factors that impact my workforce?

Developing High Performing Organizations



Head of HR

Developing High Performing Organizations connects Employee Performance Management, Succession Planning and Employee Management to maximize workforce potential.



Line of Business Manager



Line of Business Manager



CLO, LoB Mgr & Employees



LOB Employee	Enter Self-Assessment	Conduct Appraisal Feedback Discussion		Maintain Talent Profiles		Book Training	Participate in classroom & e-learning training
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LOB Line Manager	Review Objectives and Achievement	Appraise Performance & Assess EE's Potential	Conduct Appraisal Feedback Discussion	Identify Potential Successors	Conduct Talent Review Meeting	Recommend Trainings	Approve Booking Activities	Monitor learning progress
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HR HR Specialist/HR Business Partner	Start Central Appraisal Process	Calibrate Appraisals		Identify Key Position	Create Talent Review Meeting	Identify Potential Successors	Define Training Opportunities for Top Performers	
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HR or Training Training Administrator						Integrate External Training	Create, Manage & Publish Training Catalog and Development Planning
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Customers drive value with Developing High Performing Organizations



Customer Benefits Achieved

StatoilHydro

- Greater employee satisfaction
- Greater productivity with performance management

Auckland Regional Council

- Reduced workload and greater productivity
- Improved employee motivation

Confiserie Leonidas S.A.

- Optimum use of talent pool and new recruits
- Increased productivity

Rio Tinto

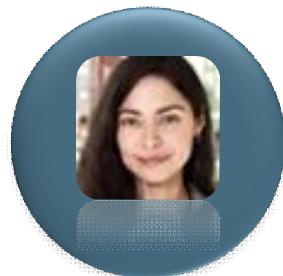
- Identify high-potential employees for key positions
- Ensure employees have the correct competencies
- Greatly enhance ability for knowledge transfer
- Roll out new products, services, and processes more efficiently

OfficeMax Inc.

SAP customers improved employee performance by 44% compared to non-SAP customers who improved by 33%.

Aberdeen Research Brief:
Best-in-Class Organizations
use Integrated HCM

Employee Performance Management Objectives, Issues, Capabilities & Benefits



Objective: Global Internal Talent Pool

Best Practice Solution: Aligning employee objectives with corporate objectives and provide a consistent view across the organization of employee performance results.

Issues
▪ Inability to measure employee performance.
▪ Inability to link employee objectives to organizational objectives.
▪ Employee turnover
▪ Limited transparency of top performers

Key Business Capabilities
▪ Monitor workforce performance against corporate goals
▪ Ensure goal-setting is completed
▪ Standardize appraisals
▪ Ability to reward for performance
▪ Identify top performers

Benefits
▪ Transparency into high potentials, top performers and potential successors.
▪ Increase workforce performance.
▪ Employee retention

Employee Performance Management

SAP Solution



SAP Solution

Enter Self-Appraisal

Conduct Appraisal Feedback Discussion

Review Objectives and Achievements

Appraise Performance & Assess EE's Potential

Conduct Appraisal Feedback Discussion

Start Central Appraisal Process

Calibrate Appraisals

Employee Performance Management

- Goal and Objective Management including Cascading Goals
- Competency Management
- Multi-rater Feedback, Calibration Tools...

Compensation Management

- Plan and program administration
- Administer Long-Term Incentives
- Create and maintain monetary and non-monetary budgets...

SAP Differentiators

- Global solution supporting 34 languages
- Tight and delivered integration between all the Talent Management applications and SAP ERP HCM.
- Integration of the overall technology platform driven by NetWeaver.
- Cascading Goals support with multiple levels of organizational goals (PS will not offer until late 2009)

Succession Planning

Objectives, Issues, Capabilities & Benefits



Objective: Visibility of Key Talent Demand & Supply Needs

Best Practice Solution: Ensure key performers are identified and developed to fill key roles within the company

Issues	Key Business Capabilities	Benefits
<ul style="list-style-type: none">• Inability to retain key talent• No transparency for positions where successors are needed• Inability to define competencies for key positions• Inability to create and track development plans for top talent and successors	<ul style="list-style-type: none">▪ Create and monitor development opportunities▪ Identify and safeguard key positions▪ Identify qualified potential successors▪ Provide career plans for key performers	<ul style="list-style-type: none">▪ Avoid loss of key talent▪ Preserve knowledge within the organization.▪ Reduce recruiting costs.▪ Reduce time to fill key positions▪ Place talent where it will have the greatest impact.

Succession Planning



SAP Solution

Maintain Talent Profiles

Identify Potential Successors

Identify Key Position

Conduct Talent Review Meeting

Create Talent Review Meeting

SAP Talent Visualization by Nakisa

- Job architecture and talent pools
- Assignment of successors to key positions and top talents to talent pools
- View succession and top talent analytics and information based on organizational charts

Succession Management

- Competency management
- Employee potential and readiness assessment
- Consolidated Employee Profile
- Talent Review meeting
- “9-box” Calibration

SAP Differentiators

- Functionality for talent review meetings and cross organizational top talent calibration.
- Tight integration into the entire Talent Management process
- Utilize one dbase for all people related management process.

Employee Development Objectives, Issues, Capabilities & Benefits



Objective: Highly Skilled Workforce

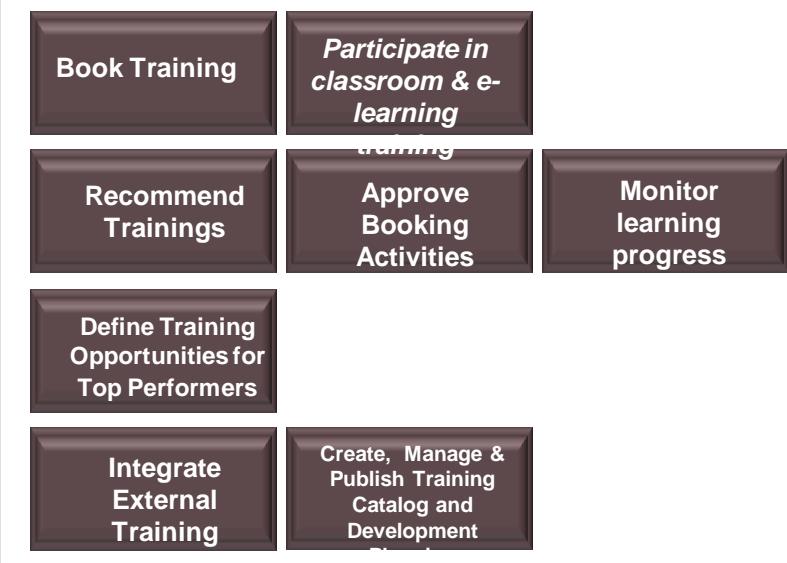
Best Practice Solution: Ensure top talent and potential successors are prepared to assume future roles when needed.

Issues	Key Business Capabilities	Benefits
<ul style="list-style-type: none">▪ Turnover▪ Inability to create and track career development plans▪ Inability to measure competencies▪ Skill gap▪ Inability to track regulatory training requirements	<ul style="list-style-type: none">▪ Improve employee's job skills▪ Define competencies and up-skill workforce▪ Measure the impact of training on workforce productivity▪ Track regulatory training and certification requirements	<ul style="list-style-type: none">▪ Retain key talent and increase employee satisfaction▪ Employees achieve long-term development goals and career opportunities▪ Increase workforce productivity▪ Increase transparency of employment readiness▪ Reduce risk of non-compliance and related incidents, accidents and fines.

Employee Development



SAP Solution



SAP Enterprise Learning

- Administer and track training-related activities
- Track regulatory training; e-records

Career Development Management

- Identify target position
- Establish development needs and track achievement and career readiness

SAP Business Intelligence

- Align training objectives with business objectives
- predefined business content includes 170 preconfigured reports and 250 key figures that can be mapped to other key data points to establish a correlation between workforce performance and organizational financial performance

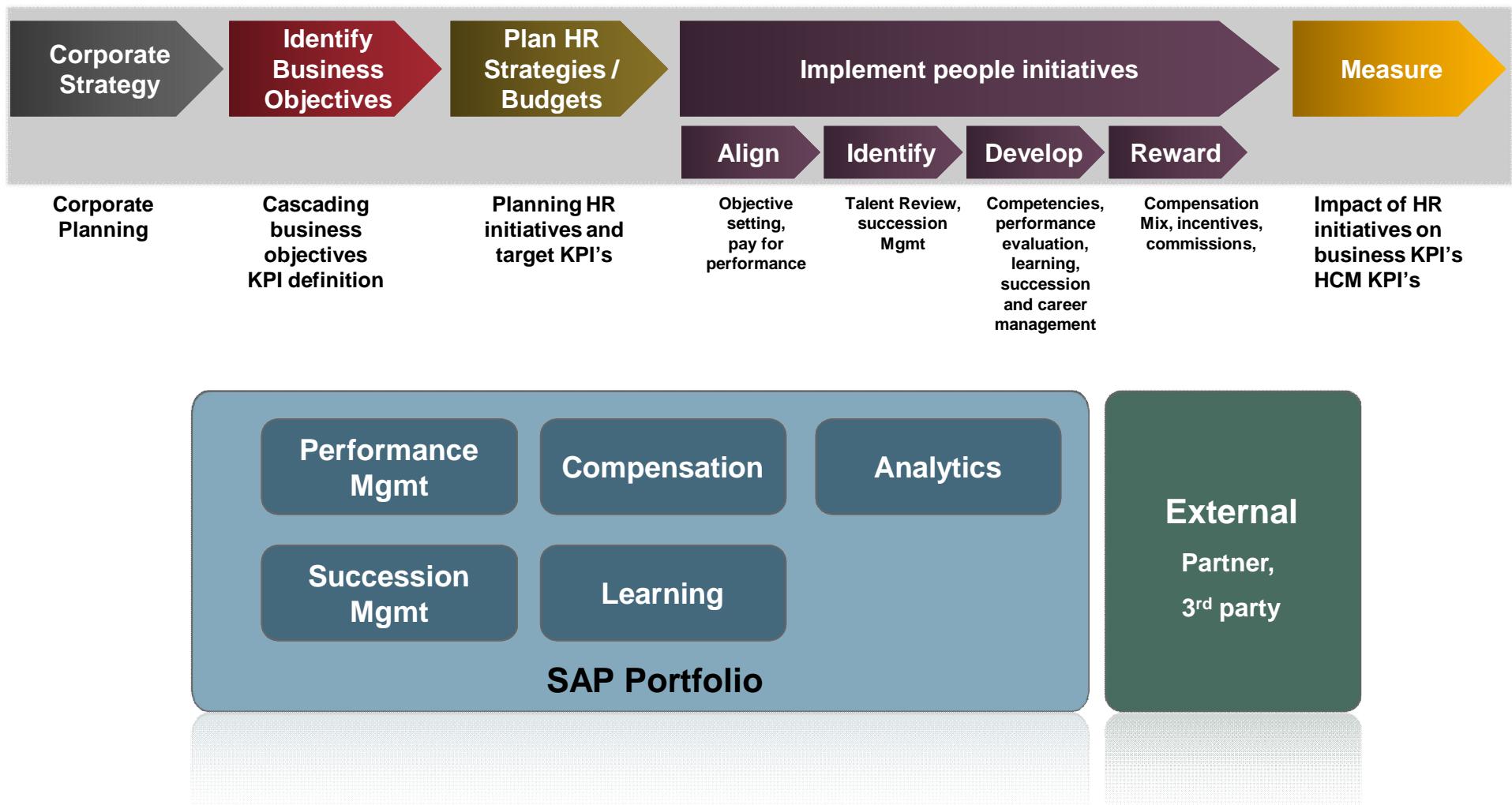
SAP Differentiators

- One set of cross-ERP analytics to plan, measure, and link strategies and learning initiatives with business outcomes and strategy.
- Tight integration between all the Talent Management applications with the underlying HR data model, including employee master data, organizational structures, and competency information.
- Utilize one dbase for all people related management process.
- Administrative support for expatriates.



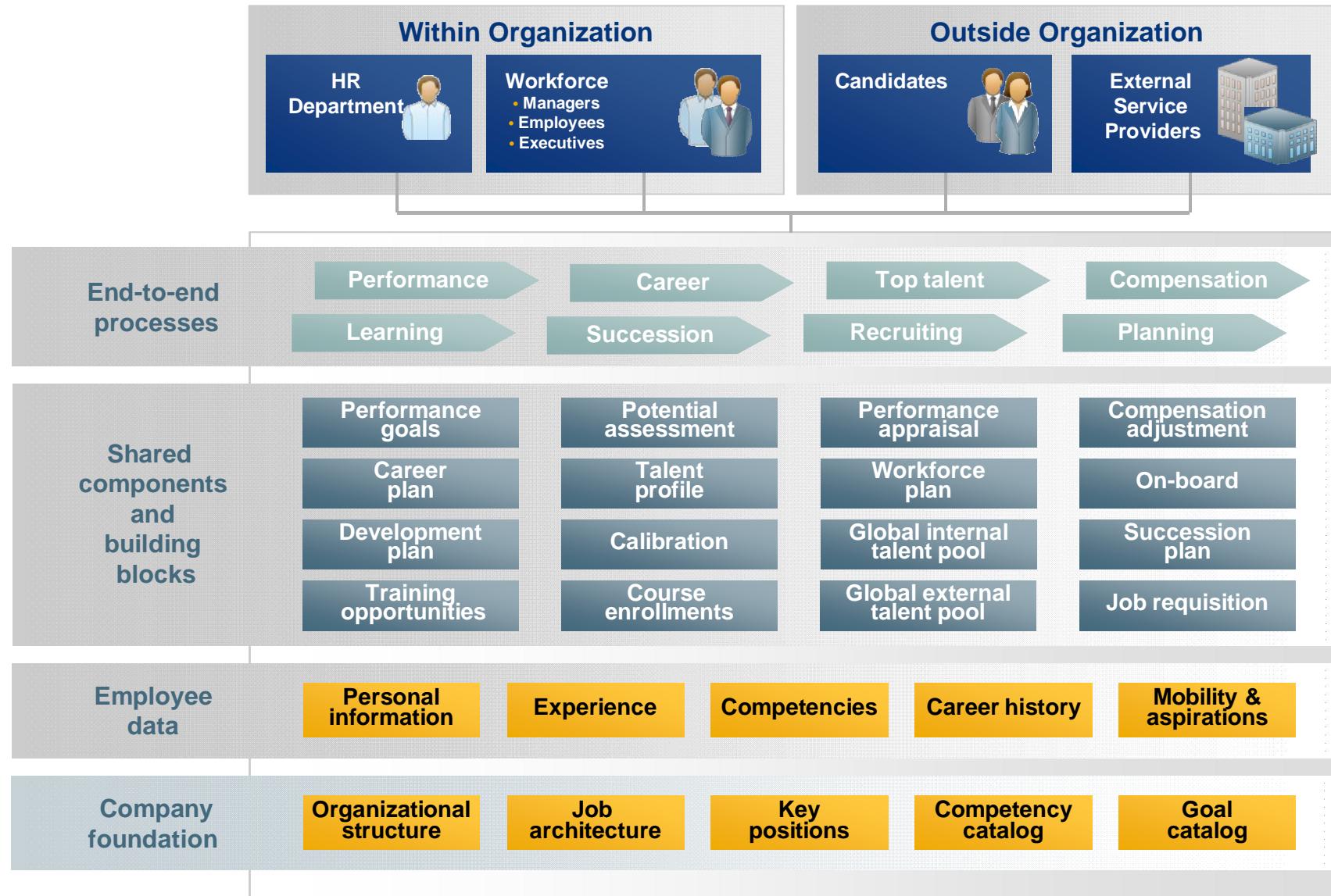
End-to-end Enterprise Processes

Integrated Processes to Develop the Workforce



Talent Management

Consolidated Processes, Integrated to Core HR



Best Practice Value Scenario

O&G - HR OPERATIONS



THE BEST-RUN BUSINESSES RUN SAP™



Flexibility and Growth to Survive Today's Global Challenges



Globalization



- Accommodate multiple languages
- Comply with legal & tax requirements locally and globally
- Ensure data formats

Economic Uncertainty



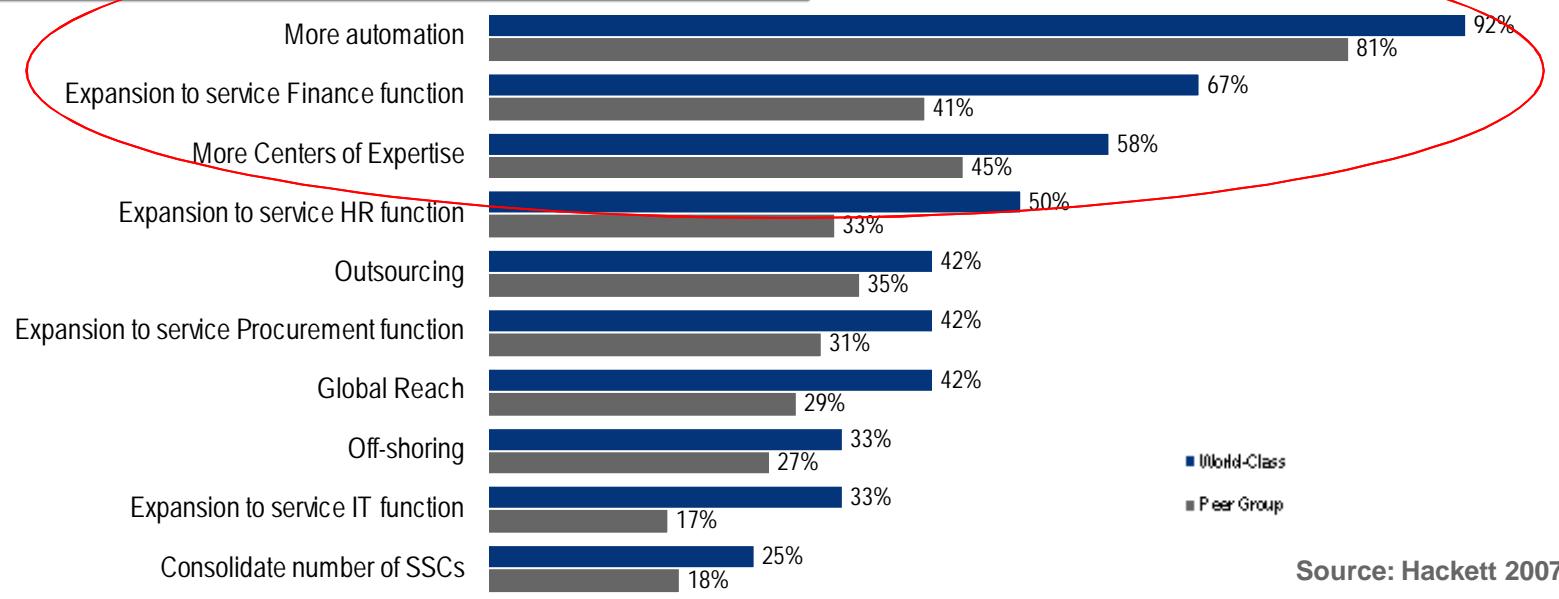
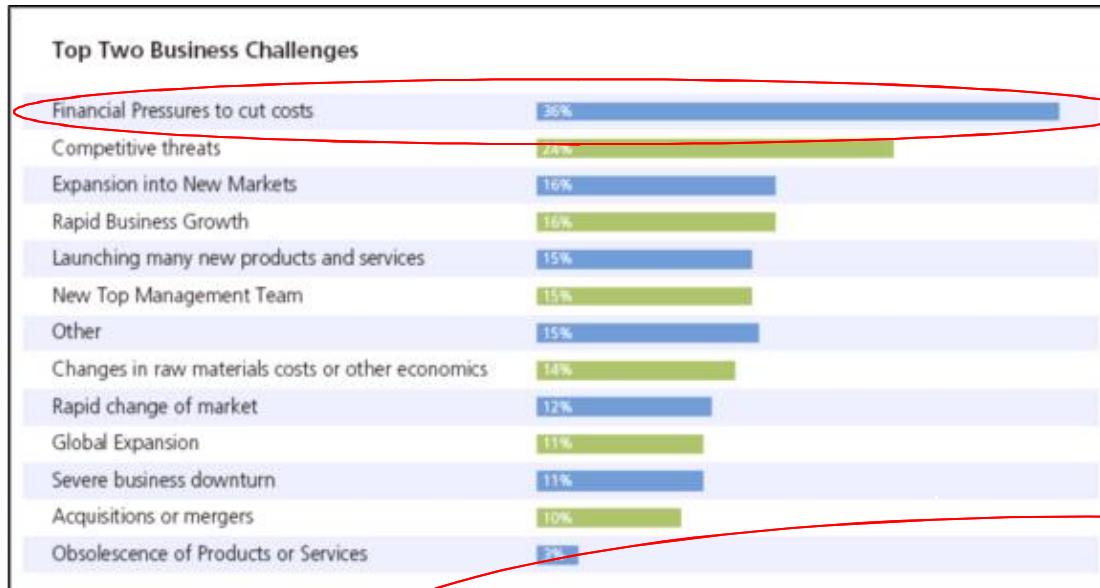
- Increase efficiency
- Reduce cost of HR & FI
- Increase transparency

Mergers and Acquisitions



- Standardize and automate multiple versions of processes
- Consolidate disparate IT systems
- Comply with business and governance models

World-Class Organizations: Cost Reductions through Process Automation



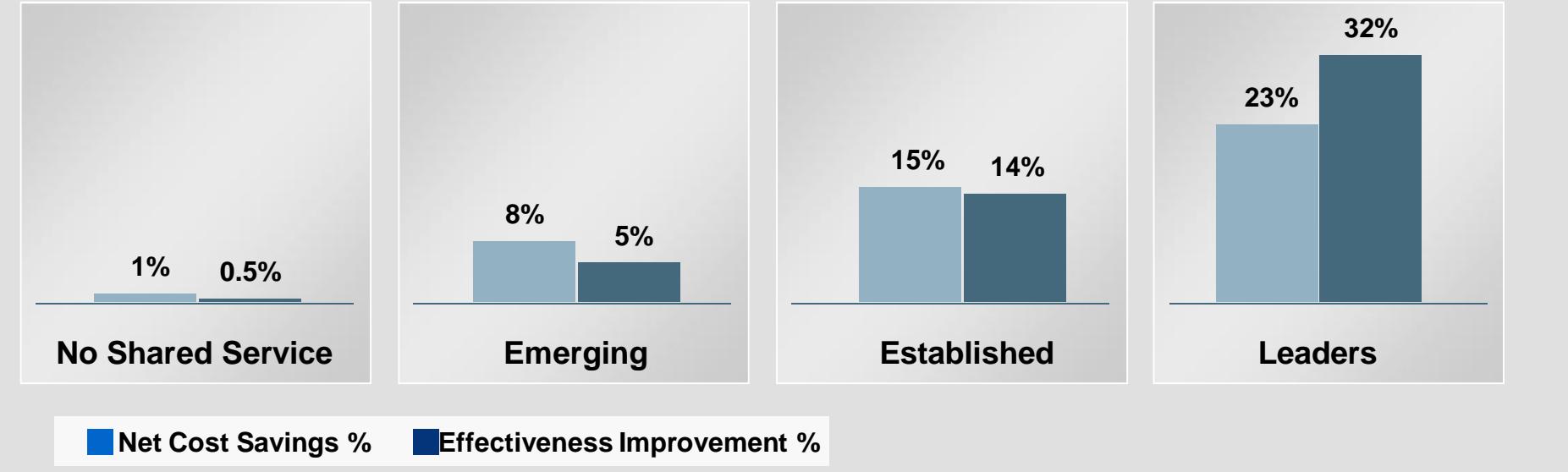
Source: Hackett 2007

Proven Value of Shared Services

Reduced Costs, Increased Effectiveness



Stages of Maturity



Typical Profile

- Fragmented
- Varying Processes

- Centralized
- Mostly Standard Processes
- Varying Service Levels

- Automated Transactions
- Consistent Service Levels
- Efficiency Metrics

- Highly Automated
- Highly Integrated
- System Consolidation
- Comprehensive Metrics
- Governance

Shared Services



Significant Cost Savings



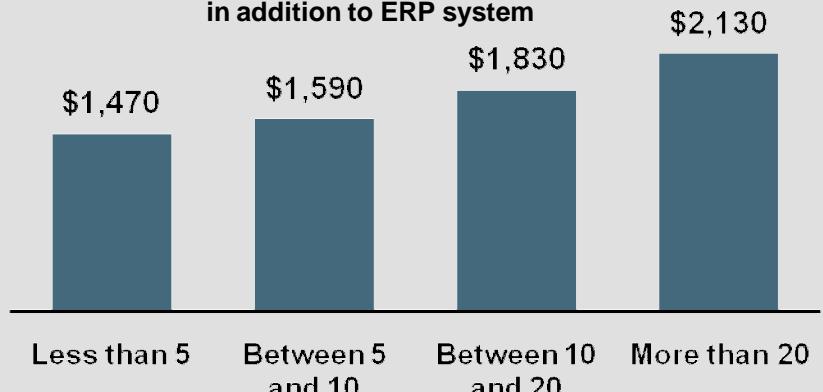
Shared Services Reduces HR Costs

HR Costs per Employee depending on Shared Services Adoption



Degree of Integration Reduces HR Costs

HR Costs per Employee by Number of HR Applications
in addition to ERP system



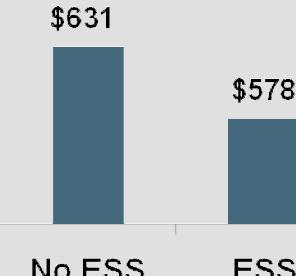
Employee Self Services Reduces HR Costs

HR Costs per Employee depending on Self Service Usage

Transactional Processes



Talent Management



*** Shared Services
Best Practice
Survey***

2008

What Does This Mean for your Business?



Top executive issues

- **How do I improve efficiency within my HR organization?**
- **How do I reduce the administrative workload of my HR professionals enabling them to support the business strategy?**
- **How do I prove the value of HR operations with hard facts and figures?**
- **How do I ensure compliance concerning HR policies and procedures?**
- **What is the smartest sourcing strategy for HR?**

HR Costs are High ... Strategic Contribution Hindered



Inefficiency of HR process delivery leads to high cost, low quality, low employee satisfaction, risk of non-compliance and lack of strategic business support.

Efficient HR Operations Reduce Costs ... Enable HR as a Strategic Partner



Unified solutions and a flexible technology platform help organizations achieve HR service excellence while maximizing resources and lowering costs

People and Talent Solutions

End-to-end processes across HR and the Enterprise



Build the Workforce

- Plan and Budget
- Find and hire the right people quickly
- Effectively onboard to reduce time to productivity

Develop a High Performing Organization

- Calibrate/Assess performance and gauge potential
- Identify key positions, key skills, and talents
- Develop successors and key contributors

Drive Efficient HR Operations

- Enable and empower employees
- Automate HR processes through shared services
- Increase transparency of HR delivery programs

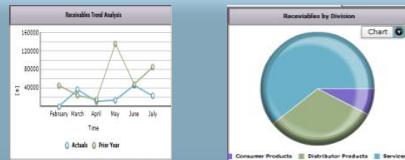
Optimize Workforce Scheduling

- Plan optimal workforce levels
- Manage shifts, rosters, crews
- Track employee schedules, absences

Automate Global HR and Payroll

- Standardize local and global HR processes
- Track benefit plans and enrollments
- Ensure compliance with ever-changing legal regulations

SAP Platform for ... Efficiency, Automation, and Transparency



Operations and Governance Cockpit

Functional Areas

Financials

HCM

Procurement

Corporate Services

Intranet portal

Self Services

Communication and Interaction

Generalist

Specialist

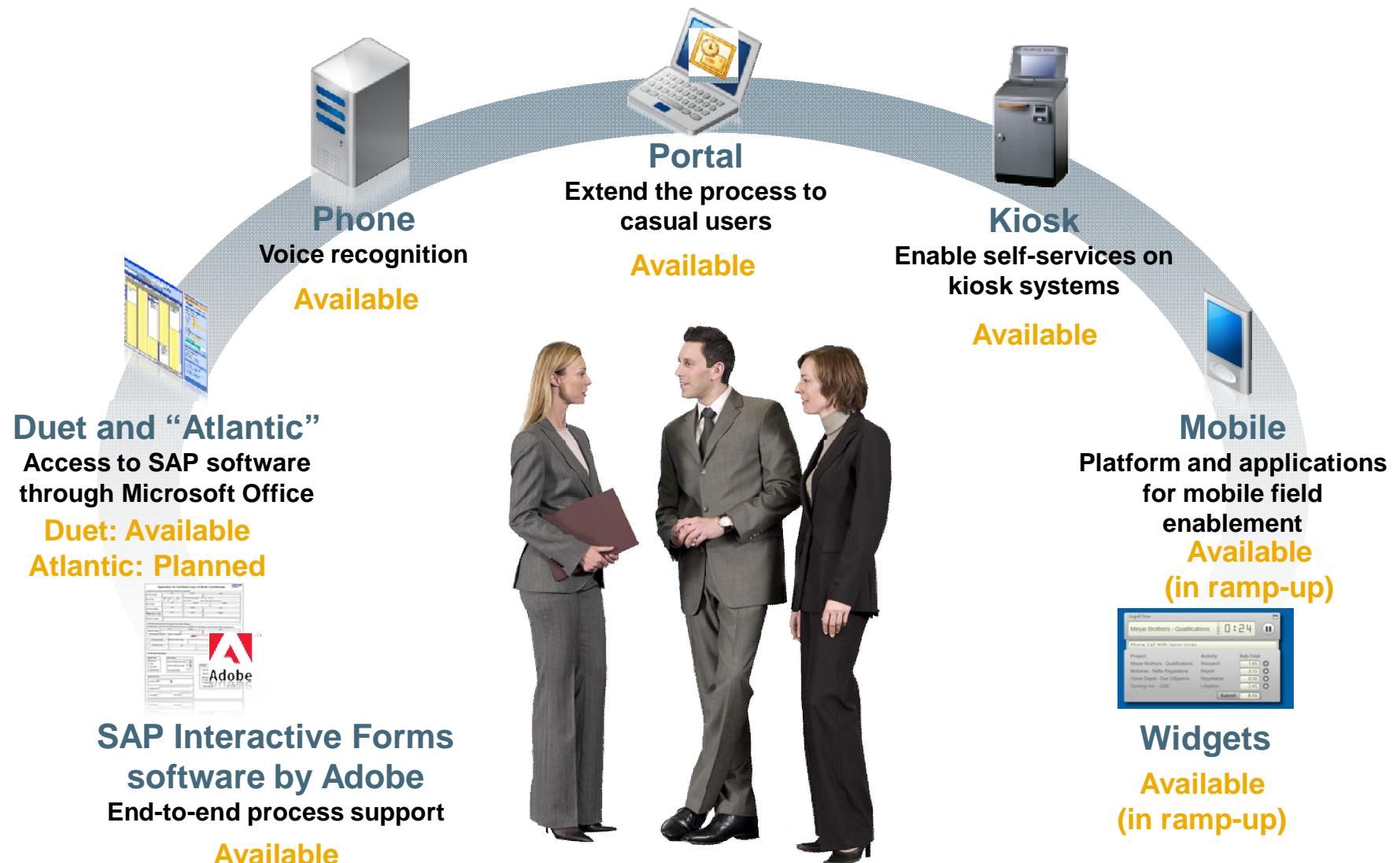
Center of Excellence

Service Requests

Multi back-end capability

SAP Provides...

Access and Delivery for all Users in Their Comfort Zone



SAP Provides...

The Right Solution to *Drive Efficient HR Operations*



How do I enable HR to support the business strategy?



Head of HR



HR IT



HR Operations



Head of HR

Service Delivery

How do I increase HR service delivery efficiency?

- Time spent to complete process
- Cost to complete process
- Customer Satisfaction

Shared Services Framework

How can I get to the next level in HR operations?

- HR costs per FTE served
- Error rate
- Reduction in cycle time
- First call resolution

Operations and Governance Cockpit

How do I prove value of HR operations?

- Fulfillment of service level agreements
- Overall cost of processes
- Employee satisfaction

Integrated, Automated Collaboration Between Employees and HR Drives Excellence in Service Quality



Service Delivery

Effective service delivery increases customer satisfaction



Objective:
Increase efficiency of HR Operations

Best practice solution:

Empower employees to manage their personal information and free up HR professionals to drive business strategy and improve data quality

Issues	Key Business Capabilities	Benefits
<ul style="list-style-type: none">■ Lack of standardized, automated processes lead to disruption in process completion■ Manual, paper-based processes lead to duplicate transactions and need for exception handling■ Lack of consistency and accuracy of responses	<ul style="list-style-type: none">■ Standardized and user-centric processes based on best practices■ Automated and integrated processes■ Consistency and accuracy in responses■ Lean HR	<ul style="list-style-type: none">■ Employees freed up to focus on core business■ HR organization able to focus on strategic objectives■ Contribution to bottom line■ Improved employee engagement and productivity

Service Delivery

SAP Solution



SAP Solution

Select service from employee self-service (portal or kiosk)

Initiate request with Adobe interactive form

Initiate call or email to service center

Approve employee request via MSS

Request information from shared service center

- HCM Processes and Forms based on Interactive Forms by Adobe - review existing processes and agree and implement standardized global processes
- Employee and manager portals, Duet, Kiosk - use standardized and pre-configured services (ready to run)
- SAP Shared Services Framework - fully automated service delivery model in place

SAP Differentiators

- Flexible deployment options
- Integrated with HR processes
- Multiple access channels
- Most extensive country specific service offering and language

Shared Services Framework

State-of-the-art shared services provides a safe strategy for savings



Objective: Automate HR Processes

Best practice solution:

One global, integrated shared services automation platform that offers clear governance, scalability for growth, both geographical and multi-functional (HR, finance, IT, real estate, procurement)

Issues	Key business capabilities	Benefits
<ul style="list-style-type: none">■ Low level of integrated and automated processes in service management■ Duplicate data entry in multiple systems■ Redundant, manual processes run on non-integrated, disparate, and siloed systems■ Service experts lack access to information needed to respond	<ul style="list-style-type: none">■ HR experts shifted from administrative to strategic tasks■ HR administrative staff able to handle more employees■ Service experts have access to all data needed to serve their customers■ Standardized, automated, integrated processes delivered and supported by shared services organization■ Availability of solution database and access to all relevant processes	<ul style="list-style-type: none">■ Higher business value and HR-employee satisfaction■ Lower TCO■ Consistency of response to employees■ Faster response to employee■ High first-level resolution rate

SAP Solution

Verify employee identification	View contact history	Categorize request via service catalogue
Received opened ticket from level 1 and resolved issue	Contact COEs for resolution	

SAP Shared Services Framework:

- Leverage the successful implementation of HR shared services into other corporate functions
- In and out-bound communication, service catalogue directly linked to appropriate teams in shared services organization with integrated service level agreements
- Case management, customer history and centralized solution database in place; access to all necessary processes in back-end

SAP Differentiators

- Functionality to support multi-functional shared services
- Competitors offer no support for multi-functional shared services – no shared services automation platform
- SAP offers integrated solution versus non-integrated home-grown systems

Operations and Governance Cockpit

Measuring effectiveness supports strategic business decisions



Objective:
Increase transparency

Best practice solution:
Leverage technology to measure and manage service quality and cost as basis for improvement

Issues	Key business capabilities	Benefits
<ul style="list-style-type: none">■ Quality and quantity of service levels delivered are not measured■ HR lacks ability to track cost of HR services delivered■ Lack of insight into how services from HR are perceived by their employees and insight to needed improvements	<ul style="list-style-type: none">■ Operation cockpit offers insight into fulfillment of contractual service level agreements■ Ability to analyze inquiry volumes, types, and costs■ Operation cockpit for visibility into customer satisfaction	<ul style="list-style-type: none">■ Increased quality and reduced costs■ Improved service delivery■ Improved employee engagement and image of HR function

Operations and Governance Cockpit



SAP Solution

Review shared services dashboard

Monitoring peaks in workload

Monitoring SLA fulfillment

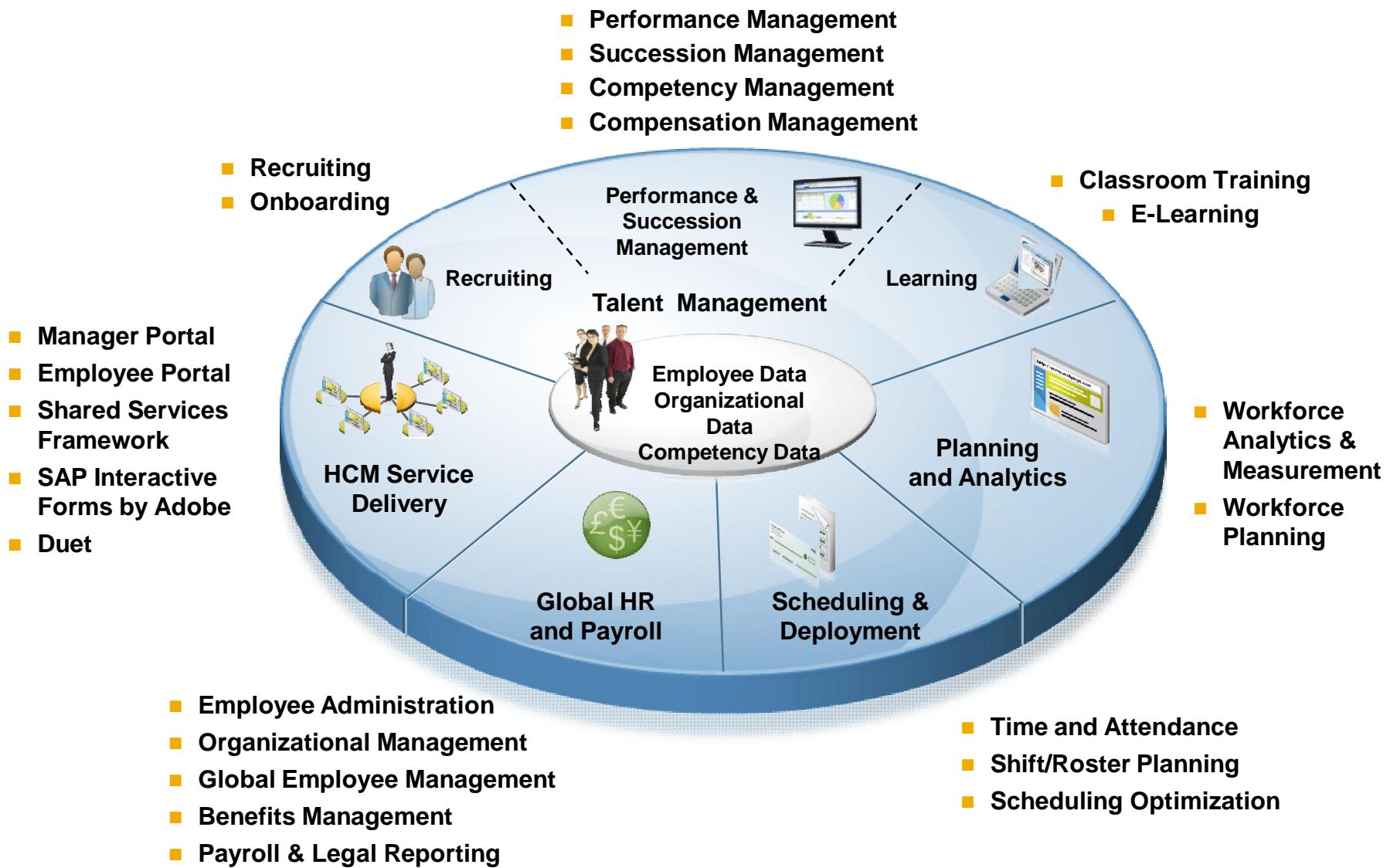
- BOBJ & Digital Fuel Service Flow - one overview of internal and external fulfillment of service level agreements (BPO providers)
- SAP BI - Measure time spent on HR processes
- SAP Shared Services Framework - survey customers and use results to improve service offerings

SAP differentiators

- Holistic view of all necessary shared services analytics
- Analytical capabilities to control quality and cost of HR service offering
- Governance cockpit ensures compliance

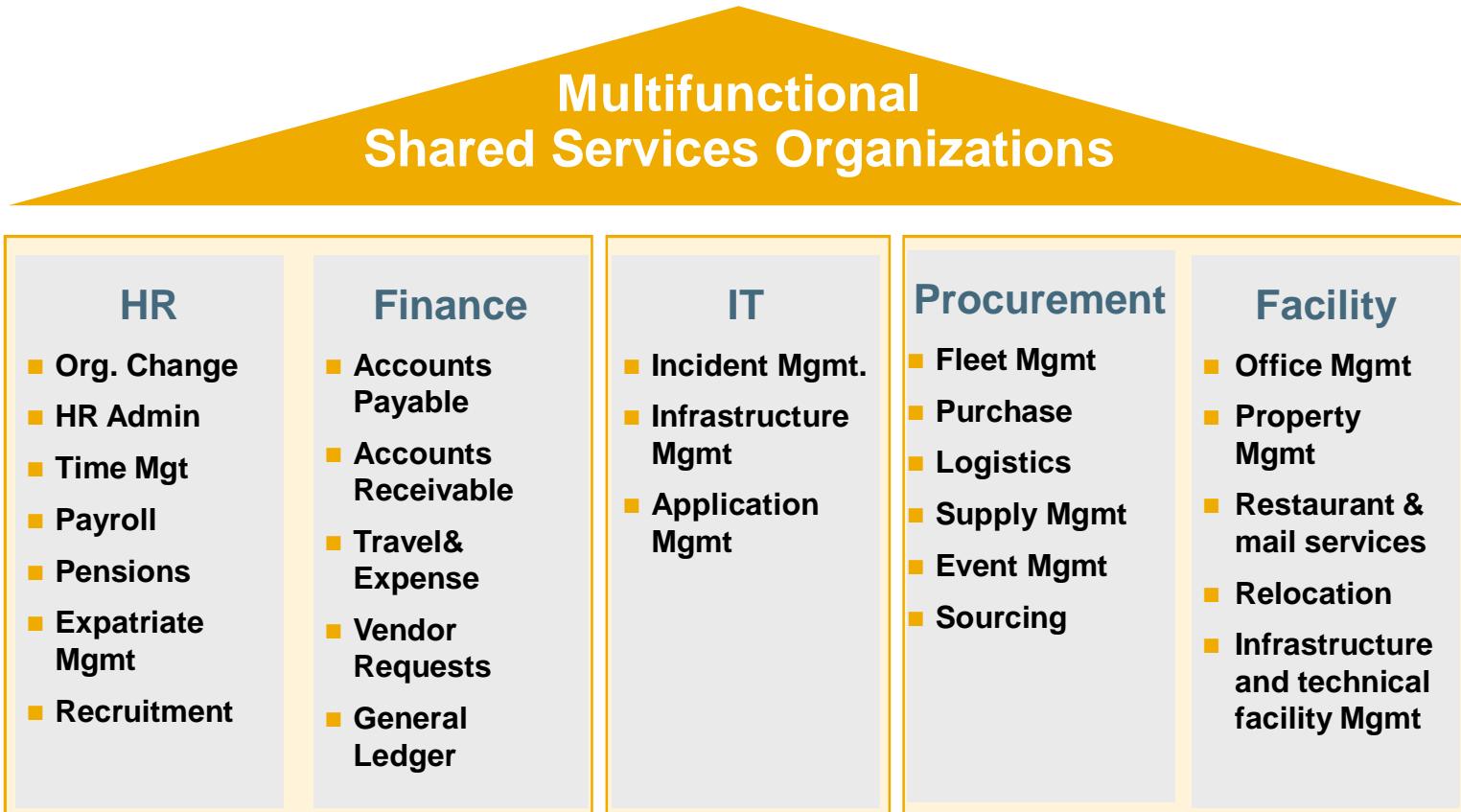
WITH...

Fully integrated Human Capital Management



AND...

A Platform for Multi-functional Shared Services



Shared Services Framework

Shared Services Solution Map Combines Best Practices from Customers with Solutions from SAP



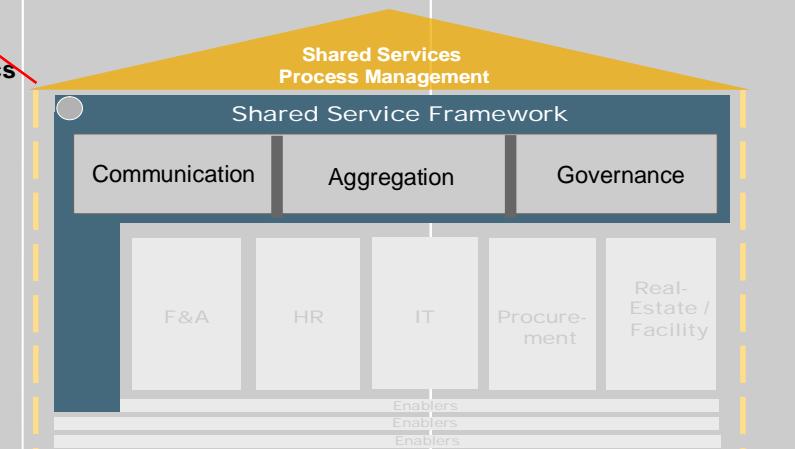
Reference model for best practices in shared services organizations

	Mobilization		Project management						Continuous improvement			
Services	Services and cost baseline		Process landscape		Product and service definition		Service delivery model					
People, organization and location	Location	Facilities	Roles and service delivery model		Skill profiles	Recruiting	Staff transition	Training	Change management			
Governance and legal considerations	Legal entity	Governance model		Corporate policies	Analytics, KPI and benchmarking		Sla		Pricing			
Information technology	IT system and application landscape	Self-services and portal strategy		Interaction centers		System migration and consolidation		IT operation and support (ITIL)				
Customers	Customer selection and negotiation (for whom the services are delivered)			Billing	Inbound activities			Outbound activities				
	Value identification			Business case			Risk assessment					

SAP Software Solutions for Shared Services



Shared services process mgmt.	Financial shared services	HCM shared services	Procurement shared services	Corporate services
<ul style="list-style-type: none"> ● Shared Service Framework ▶ Process flow analytics ▶ Service level mgmt. cockpit ▶ OCR inbound doc handling ▶ Outbound doc. handling ▶ SAP Interactive Forms ▶ Duet (information worker) ● SAP NetWeaver Master Data Management. ● SAP NetWeaver Exchange Infrastructure ● Bus. comm. mgmt. (CTI and WICOM) ● Document mgmt. ▶ SAP Productivity Pack by RWD ● SAP NW Identity Mgt ● SAP Business Workflow ○ Resource mgmt. 	<ul style="list-style-type: none"> ● Accounting interaction center ● General ledger ● Accounts payable ▶ P Invoice management ● Supplier enabling (biller direct pay-side) ● Accounts receivable ● Credit management ● Collections management ● Dispute management ● Customer enabling (biller direct sell-side) ▶ Intercompany reconciliation ○ Intercompany processing ● In-house cash ● Inventory accounting ● Fixed asset accounting ● Tax accounting ● Treasury ● Financial Closing cockpit ● Financial statements ▶ Tax management ▶ SSC dashboard analytics ▶ P Supplier connectivity 	<ul style="list-style-type: none"> ● Employee interaction center ● Payroll and legal reporting ● Time and attendance ● HCM processes and forms ● Benefits management ● Employee administration ● Recruiting ● Enterprise learning ● SAP Employee Self-Service and SAP Manager Self-Service ● Kiosk Systems ▶ SSC dashboard analytics 	<ul style="list-style-type: none"> ● Procurement interaction center ● Requisitioning ● Purchase request processing ● Purchase order processing ● Trading contract management ● Receiving ● Financial settlement ● Manage catalog content ● Managing compliance ● Supplier collaboration ▶ SSC dashboard analytics 	<ul style="list-style-type: none"> ● Travel management ● Real estate management ● Enterprise asset mgmt., spec. IT help desk ● Environment, health, and safety compliance management ● Global trade services



SAP product available
SAP product available with future releases
Future focus



Partner product available
Partner product available with future releases
Collaborative business map available

Sxx, Vxx, Bxx
Pxx
For more information see: <http://www.sap.com>

Best Practice Value Scenario

O&G - CORE HR & GLOBAL PAYROLL



THE BEST-RUN BUSINESSES RUN SAP™



Business Challenges

Turbulent Times Call for a Strong HR Foundation



Globalization & Industry Consolidation



Demographic Changes



Innovation & Growth



Organizational Restructuring



- Multi-cultural capabilities
- Mergers and acquisitions
- Compliance with global and local legal requirements

- Engage multi-generational workforce
- Retain skilled employees
- Manage succession in a global workforce

- Enable employees to innovate faster and up-skill continuously
- Maintain speed of innovation in an aging workforce

- Deploy employees to best-fit positions
- Create "what-if" organization scenarios
- Gain transparency into workforce

SAP Beat Practices Delivers ... People and Talent Solutions



Build and Onboard the Workforce

- Plan and Budget
- Find and hire the right people quickly
- Effectively onboard to reduce time to productivity

Develop the Workforce

- Calibrate/Assess performance and gauge potential
- Identify key positions, key skills, and talents
- Develop successors and key contributors

Drive Efficient HR Operations

- Enable and empower employees
- Automate HR processes through shared services
- Increase transparency of HR delivery programs

Optimize Workforce Scheduling & Deployment

- Plan optimal workforce levels
- Manage shifts, rosters, crews
- Track employee schedules, absences

Automate Global HR and Payroll

- Standardize local and global HR processes
- Track benefit plans and enrollments
- Ensure compliance with ever-changing legal regulations

Time & Attendance

- Planning, managing & evaluating working times
- Centralized or decentralized
- Self-service capabilities
- Leave data
- Employee deployment

Employee Administration

- Master data
- Employee transfers
- Status change

Benefits Management

- Benefits administration
- Self-service capabilities



Organizational Management

- Org structures
- Reporting lines
- Planning & simulation

Global employment

- International transfers & assignments
- Global reporting

Master Data

Allowances



Working times Absences



Address/ Personal data • Localized information



Tax and Social Security information



Salary information



Work center Cost center Position

Personnel File: Mr. Gordon Freeman, PhD

Mr. Gordon Freeman, PhD Office Phone: (416)555-1254 Job: Sales Representative London Reporting Line Unit: Office London Manager: Christopher Huang

Save | Close | Print | New | Actions | You Can Also | Related Links

Overview Personal Data Employment National Insurance Data Tax Data Forms Attachments

You can view a summary of an employee's current personnel data and a history of recent work items affecting this personnel data.

 <p>Work Agreement Data</p> <p>Hiring Date: 10/02/2005 Work Agreement Type: Permanent Administrative Category: Salaried Working Time (Hours per Period): 40h/week</p> <p>Personal Data</p> <p>Date of Birth: 1960.10.12 Place of Birth: London Marital Status: Married Nationality: British</p>	<p>Organizational Data</p> <p>Reporting Line Unit: Office London Position: Sales Representative Office: London Manager: Christopher Huang Managers Phone: (602) 7330 2263</p> <p>Private Contact Data</p> <p>Address: 12 Red Lodge The High Road Essonon</p> <p>Payroll Data</p> <p>Payroll Group: Monthly <input type="checkbox"/> Active in Payroll</p>
--	--

Created Status Priority Read Task From

10/04/2005	Completed	high	Yes	Address Change(ESS)	Gordon Freeman
10/04/2005	New	high	No	Promotion	Adams,Oliver
10/02/2005	Completed	low	Yes	Add Employee	Frier,Bob

Save | Close | Print | New | Actions | Go to... | You Can Also | Related Links

KEY FUNCTIONALITIES

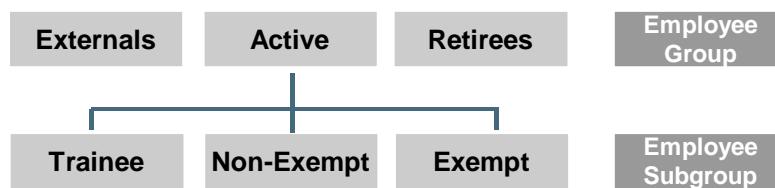
- Master data for all HR relevant employee processes
- Extensible infotype framework
- Automation of data entry steps for standard processes (e.g. hiring)
- All records are consistency checked real-time and stored with time stamp

BUSINESS BENEFITS

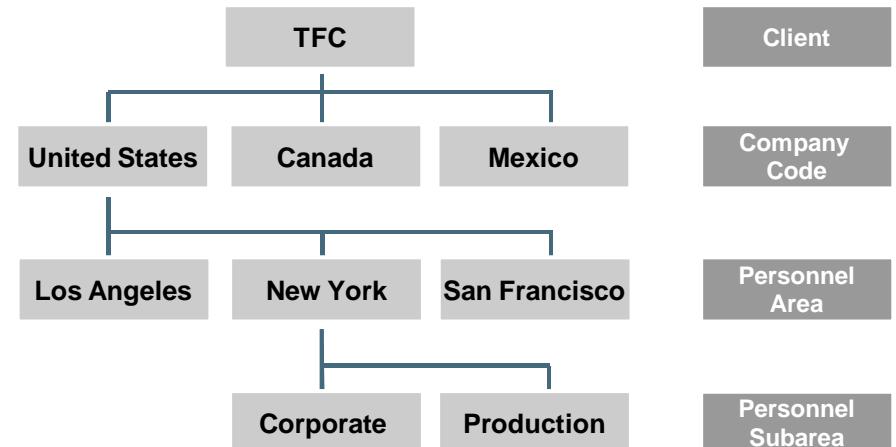
- Automation of all basic personnel processes
- Global reach (languages, currencies, regulatory requirements...)
- Consistent real-time data for all basic HR processes

Basic Structures Within SAP Data Model

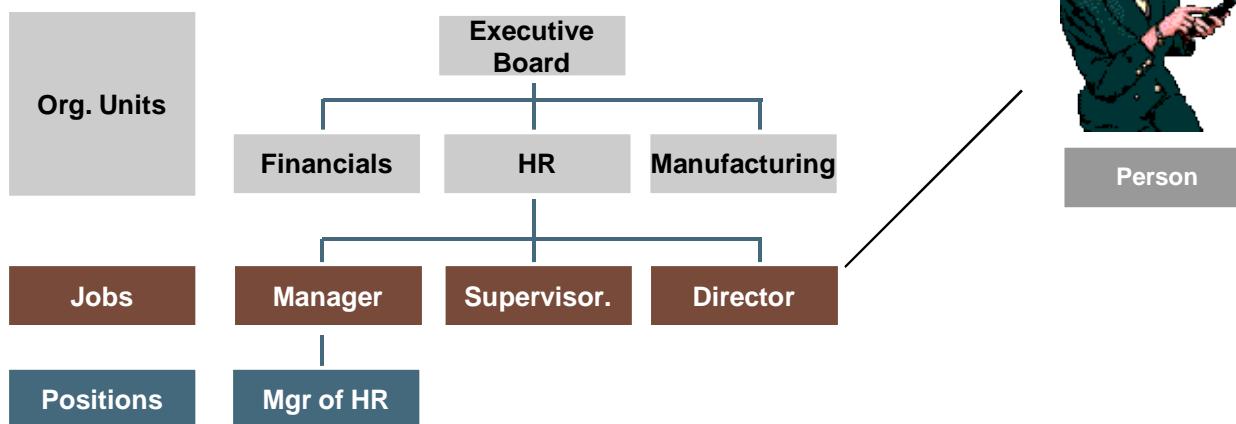
Personnel Structure

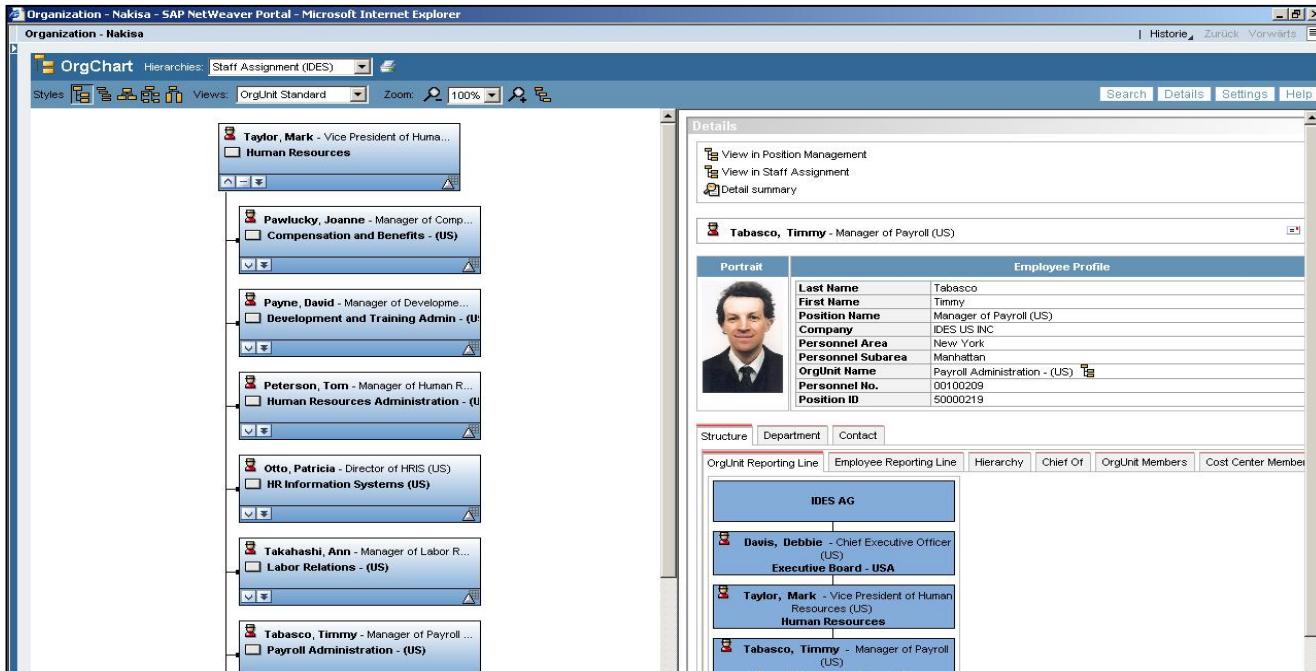


Enterprise Structure



Organizational Structure





KEY FUNCTIONALITIES

- Allows modeling of complex organizational structures and multiple views (e.g. matrix)
- Automatically checks data for consistency in real-time
- Contains powerful reporting and analytics
- Organizational structure is basis for

BUSINESS BENEFITS

- Flexibly plans and maps the organizational levels of your company to control and simplify processes
- Creates transparency and supports decision making e.g. for reorganizations
- Is the foundation for process excellence using workflow and authorizations enterprise-wide

The screenshot shows the SAP Benefits Management interface. The title bar reads "Welcome Comp & Benefits Manager". The menu bar includes "Collaboration", "Search", "Advanced Search", "Help", and "Log Off". The main navigation bar has links for "Compensation Analytics", "Home", "Benefits", "Budgeting", "Comp Admin", "Job Pricing", "Collaboration", and "Learning Solution". Below that is a sub-navigation bar with "Overview", "Benefits Administration", "Group Enrollment", "Forms", "COBRA", "Flexible Spending Accounts", and "Retirement Plans". The left sidebar is titled "Detailed Navigation" with links for "Enrollment", "Eligibility", "Insurability", "Overview", and "Termination". The main content area is titled "General Overview of Benefit Plan Data" and displays personnel information for "Mr. George Metzger" on "10/02/2005". It includes tabs for "Plans", "Costs", "Master Data", and "Overview". A table lists various benefit plans with their details:

Plan Category	Effective Date	Description
Company Dental Plan	01/01/1999 - 12/31/9999	Standard Dental Option Dependent coverage: Self + Spouse EE post-tax: USD 8.15 Bi-weekly ER costs: USD 3.46 Bi-weekly
Standard Medical Plan	01/01/1998 - 12/31/9999	Option: \$250 Deductible Dependent coverage: Self + Spouse EE post-tax: USD 7.65 Bi-weekly ER costs: USD 147.65 Bi-weekly
AD&D	01/01/1999 - 12/31/9999	
Company Life Insurance Plan	01/01/1999 - 12/31/9999	
Supplementary Life Insurance	10/02/2005 - 12/31/9999	
Spousal Life	01/01/2000 - 12/31/9999	
Long Term Disability	01/01/2000 - 12/31/9999	
401K Savings Plan	01/01/2000 - 12/31/9999	EE pre-tax: 5.00 % of base salary Pre-tax rollover: No

A note at the bottom states: "Bar chart cannot be displayed due to GUI incompatibility".

KEY FUNCTIONALITIES

- Flexible plan categories
- Enrollment & termination
- Participation & insurability monitor
- Data transfer to providers
- Employee self-service (ESS)

BUSINESS BENEFITS

- Allows efficient management of complex benefits programs, including third party providers
- Provides full integration to payroll
- Ensures legal compliance
- Localized benefits for multiple countries

Clock in/out



Cross-Application Time Sheet



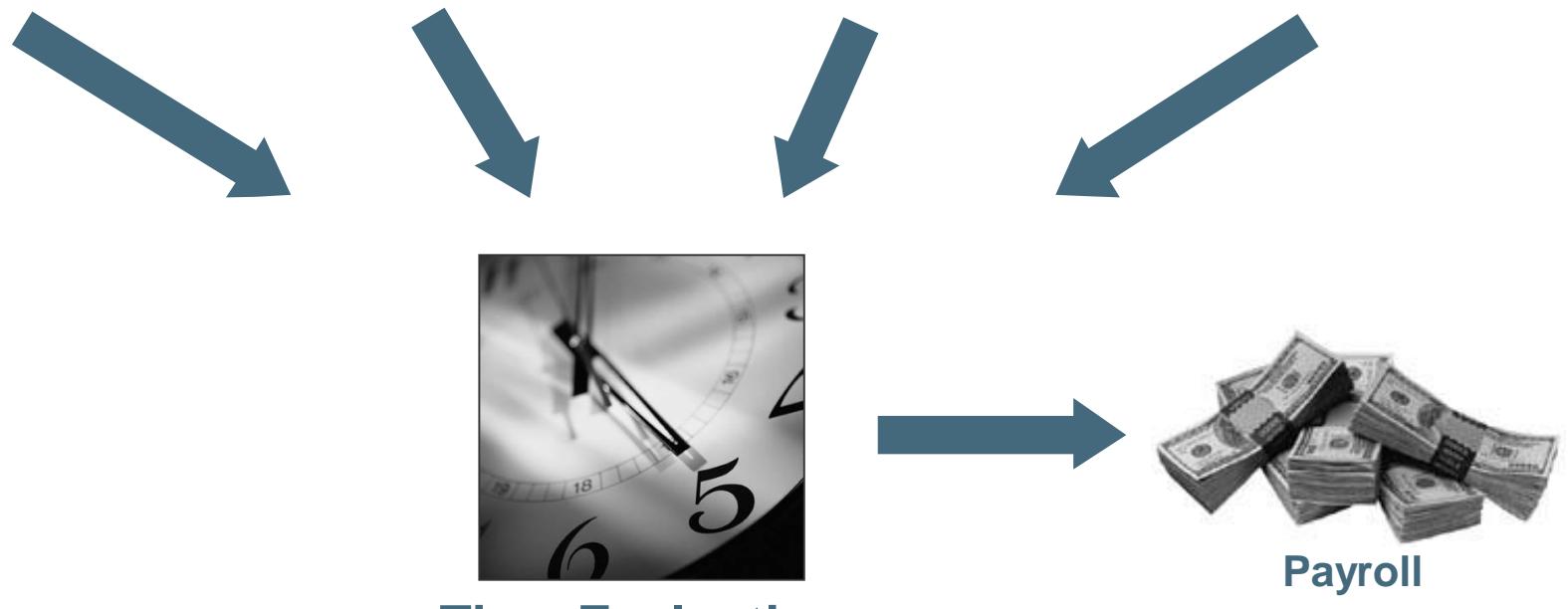
Self-Service / Inter-/Intranet



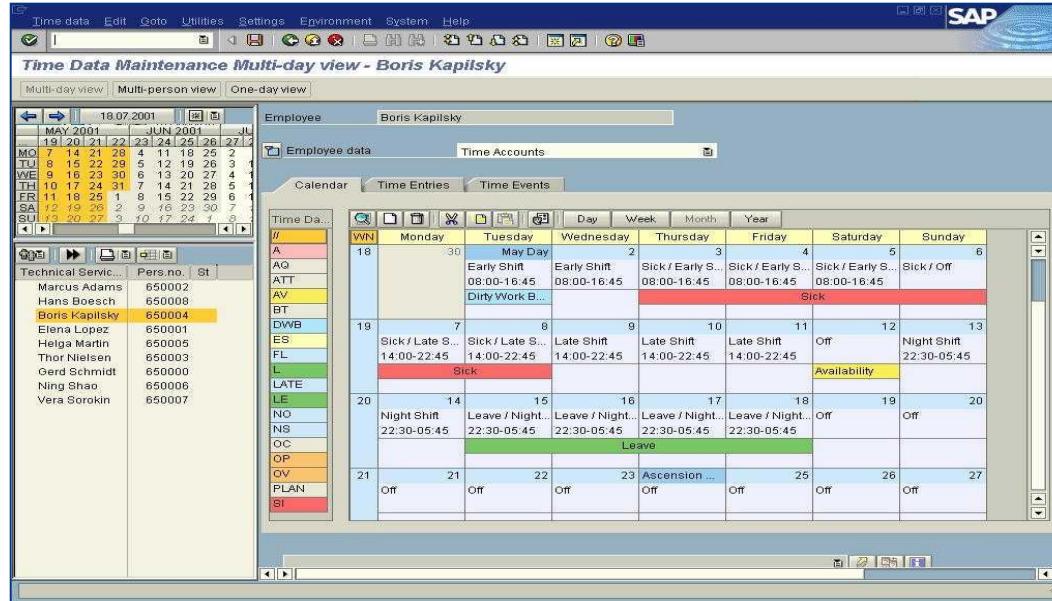
Time Manager's Workplace



Mobile



Time Evaluation



Key Functionalities

- Plan Shifts
- Maintain and record time data
- Clock in/out
- Manage time accounts
- Generate wage types for payments & deductions
- Calculate incentive wages
- Use data in other business processes

Business Benefits

- State-of-the-art planning and data-entry Technologies
- Easy-to-use mechanisms for monitoring time management
- Record data once and reuse across your enterprise
- Intuitive user interfaces tailored to the individual needs



Global Employee

Person ID: Valid within
the enterprise & for the
lifetime of the employee



SAP Infotype Edit Goto Extras System Help

Create Details on Global Assignment

Pers. No.	25	Pers.Assgn	50000151 00000025 (0)
Personnel No	25	Name	David John Parker
EE group	1 Active employee	Pers.area	DE01 Personnel area DE01
EE subgroup	DU Salaried employee...		
Start	01.09.2002	to	31.12.9999

Future Assignment Details

Type	Long.Term Assignment		
Start date	01.09.2002	Duration	3 Years
End Date			
Family Status	Accompanying		
Promotion on Transfer	No promotion on transfer		
Administrator Group	INTL		
Intl' Administrator	Kruck		
Career Sponsor	50000156 Chief Home career sponsor		

Assignment Attributes

Capacity Utilization %	100
------------------------	-----

Current Assignment Details

Home Personnel Number	99999999 00000013
Home Country	
Sending Personnel Number	
Sending Country	

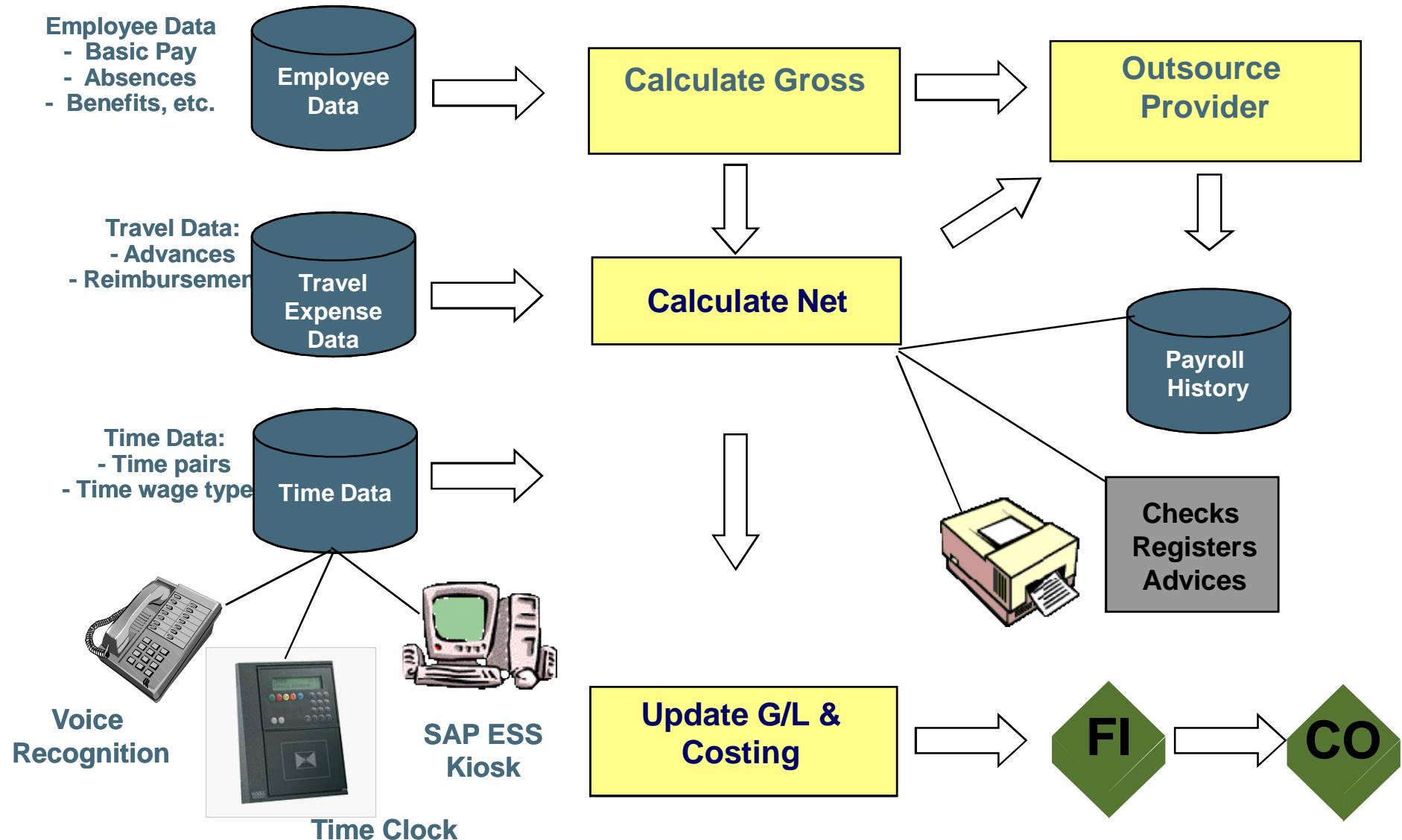
U6B (1) (750) | Is0095 | INS

KEY FUNCTIONALITIES

- Supports full lifecycle (assignment planning, payroll transfer, repatriation).
- Central person ID allows tracking global employees during all international transfers.
- Authorizations ensure that different HR users can only access data relevant for them.
- Assignments are planned in alignment

BUSINESS BENEFITS

- Single point of information for all involved parties, supporting efficient negotiation and transfer management.
- Automatic information transfer from home to host country and vice versa.
- Reduces communication times and transaction costs.
- Provides consolidated data and training history for employees, critical for talent management processes.



 <p>SAP US Pre-Configured Client 3999 West Chester Pike Newtown Square, PA 19073</p>		Company Code 3000		Personnel Area 3000 Personnel Subarea 0001	
Name Mr. Timmy Tabasco Social Security No. 376-89-8766 Personnel No. 00100209		Payroll Area US Pay Period Oct 16, 2008 Period No. 2008/20	US:Semi-Monthly - US Oct 31, 2008		
Check Date Oct 31, 2008	Check Number 01432631	Net Pay 3,891.74	=	Earnings -	Taxes -
				1577.85	Deductions 358.84
Earnings					
1002 Salary		78.67	5,290.44	105,808.82	
1251 Vacation pay		67.25	8.00	537.99	5,917.89
Total Earnings			5,828.43	111,726.71	
Taxes					
/401 TX Withholding Tax	FED		1,237.98	25,051.39	
/401 TX Withholding Tax	PA		178.98	3,579.41	
/401 TX Withholding Tax	PABT		72.88	1,457.41	
/405 TX EE Medicare Tax	FED		84.53	1,890.84	
/420 TX EE Unemployment Tax	PA		3.50	69.96	
Total Employee Tax			1,577.85	31,848.81	
Deductions					
2010 Std Medical EE pre-tax			6.17	123.40	
2017 Dental EE pre-tax			2.96	59.20	

Key Functionalities

- Payroll process model
- Rules-based
- Date effective
- Retro calculations for pay & benefits
- Integration with Financials and Logistics
- Payroll simulation capability
- Complete year-end processing

Business Benefits

- Flexibility – customer-specific rules
- Scalability – pay unlimited number of employees
- Global payroll on one system
- Process driven – automated and error reduction
- Integration – lower TCO, fewer interfaces

**SAP delivers HCM processes for 49 countries based on
Globalization with Localization**

- Including payroll, legal reporting, benefits, and time management
- Global processes for worldwide standardization of company business processes
- Local best practices and legal compliance
- A single database instance for multiple countries
- Local “look and feel”
- Languages (over 30)



SAP and Partner Country Versions

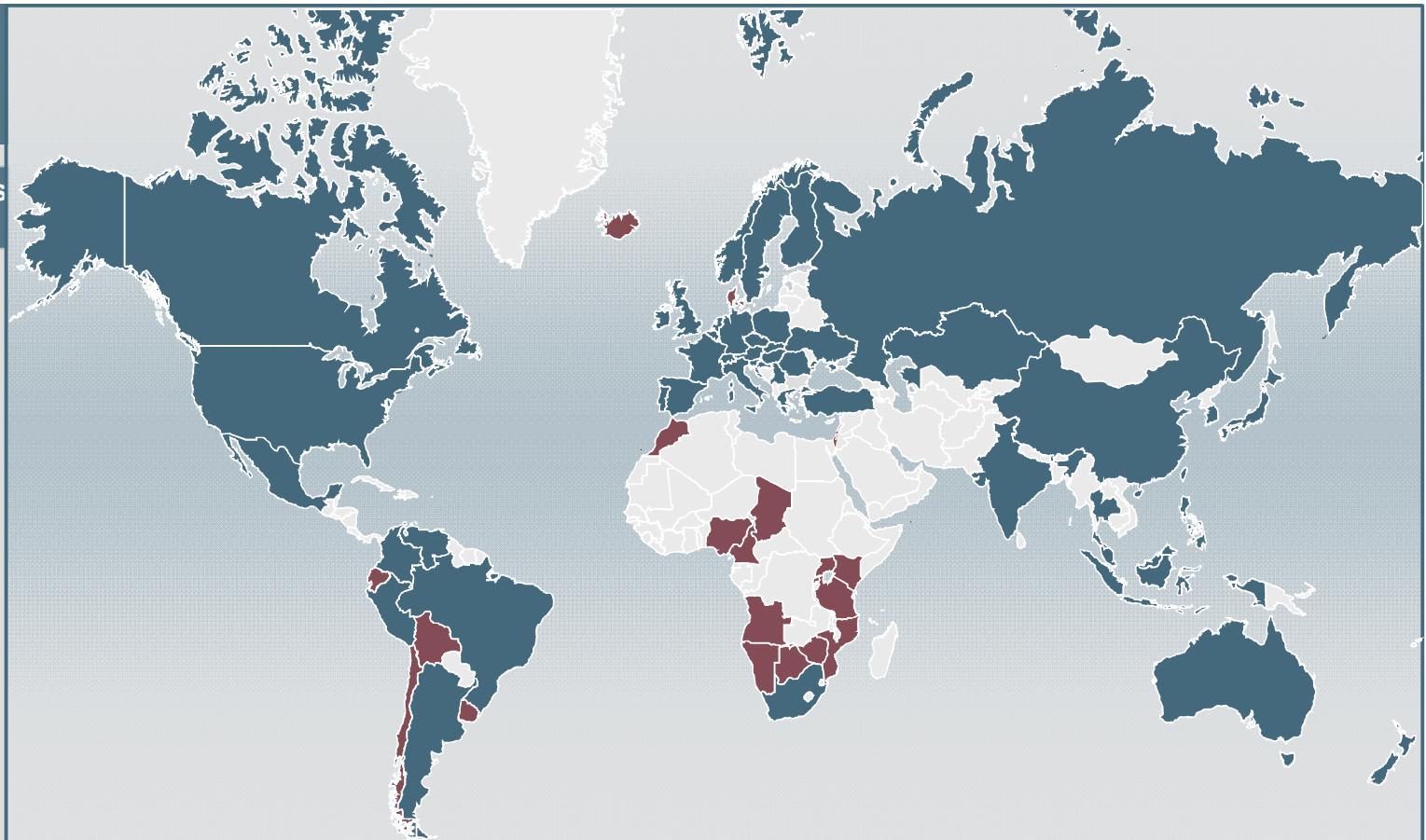
HCM Payroll



SAP Country Versions

SAP Country Versions (49)

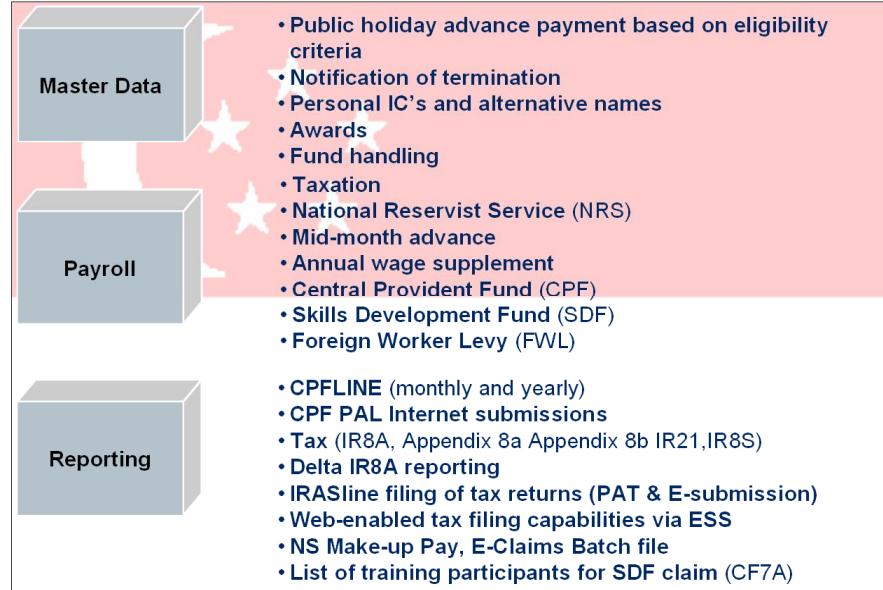
- Argentina
- Australia
- Austria
- Belgium
- Brazil
- Bulgaria
- Canada
- Chile (EhP5)
- China
- Colombia
- Croatia
- Czech Republic
- Denmark
- Finland
- France
- Germany
- Greece
- Hong Kong
- Hungary
- India
- Indonesia
- Ireland
- Italy
- Japan
- Malaysia
- Mexico
- Netherlands
- New Zealand
- Norway
- Philippines
- Poland
- Portugal
- Romania
- Russia
- Singapore
- Slovakia
- Slovenia
- South Africa
- South Korea
- Spain
- Sweden
- Switzerland
- Taiwan
- Thailand
- Turkey
- Ukraine
- United Kingdom
- United States (incl. Puerto Rico)
- Venezuela



Country Versions provided by Partner Solutions (22)

- Angola (Arinso)
- Bolivia (Arinso)
- Botswana (EPI-USE)
- Cameroon (Arinso)
- Chad (Arinso)
- Chile (Performance HR, BCTS, Soluzione, ERP Sistemas))
- Ecuador (Arinso)
- Iceland (Applicon)
- Israel (Hilan-tech, Sapir-tech)
- Kenya (planned) (EPI-USE)
- Luxembourg (Arinso)
- Morocco (Arinso)
- Mozambique (EPI-USE)
- Namibia (EPI-USE)
- Nigeria (Arinso, EPI-IISF)
- Peru (BCTS)
- Tanzania (EPI-USE)
- Rwanda (EPI-USE)
- Uganda (EPI-USE)
- Uruguay (Conex, Soluziona)
- Zimbabwe (EPI-USE)

Example: Singapore



Key Functionalities

- Supports multiple languages, currencies, time zones
- Local best practices / legal compliance for 49 countries
- Delivery of legal changes
- Consolidated reporting
- One source of global data integrated in other business processes

Business Benefits

- True global business insight
- Ease of use
- Delivery of information in native language
- Compliance with country-specific requirements, both legal and cultural
- Single instance for multiple countries - lower cost of ownership

HR Process Efficiency and Compliance

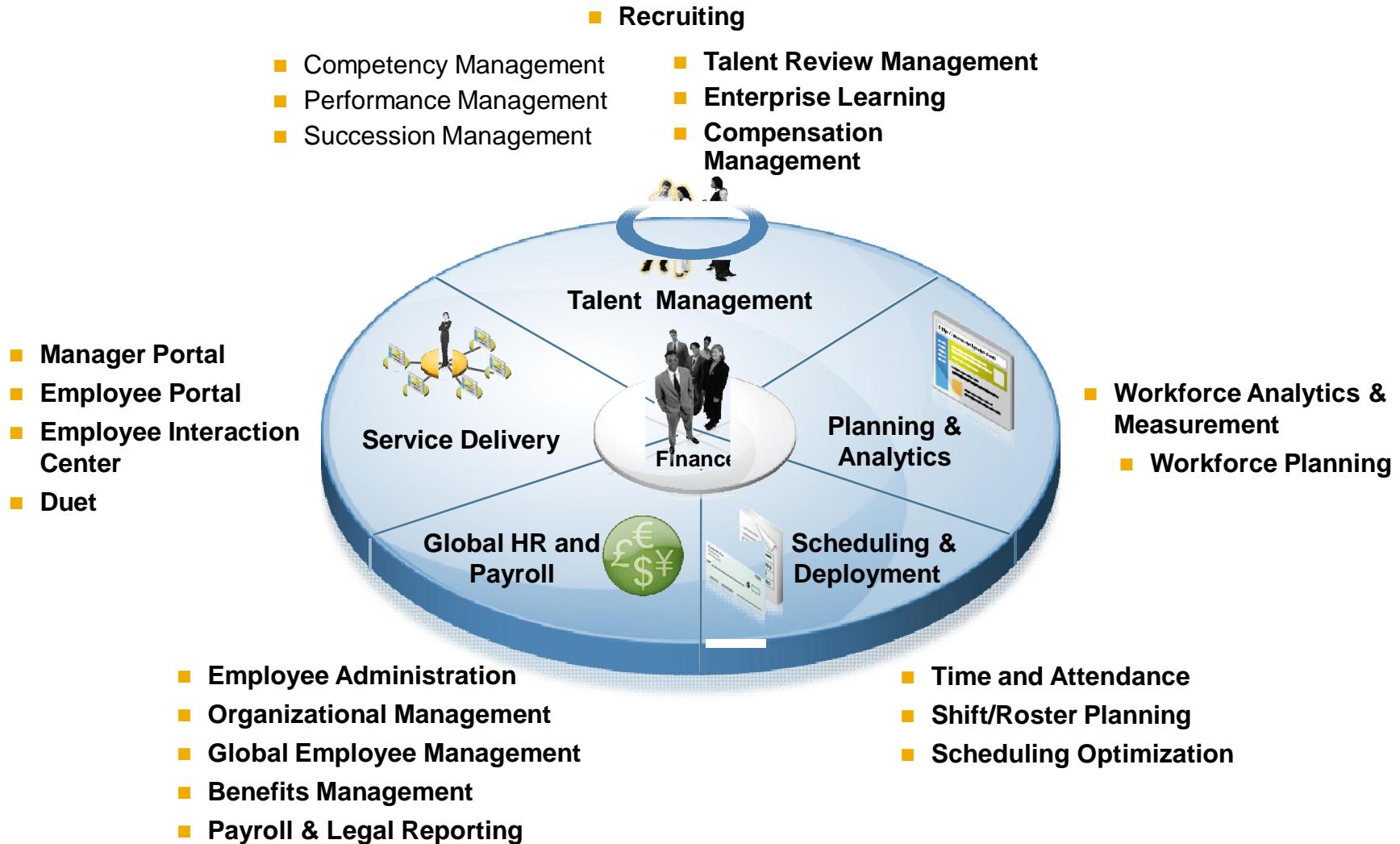


- Automation of paper-intensive and time-consuming processes
- Standard processes and workflows
- Regulatory support for 49 countries

“

A typical 10,000-employee company handles over one million employee-related transactions annually, each costing 10–50 U.S. dollars.”

ASUG Benchmarking Program
May 2007



Best Practice Value Scenario

O&G - ENERGY DATA MANAGEMENT



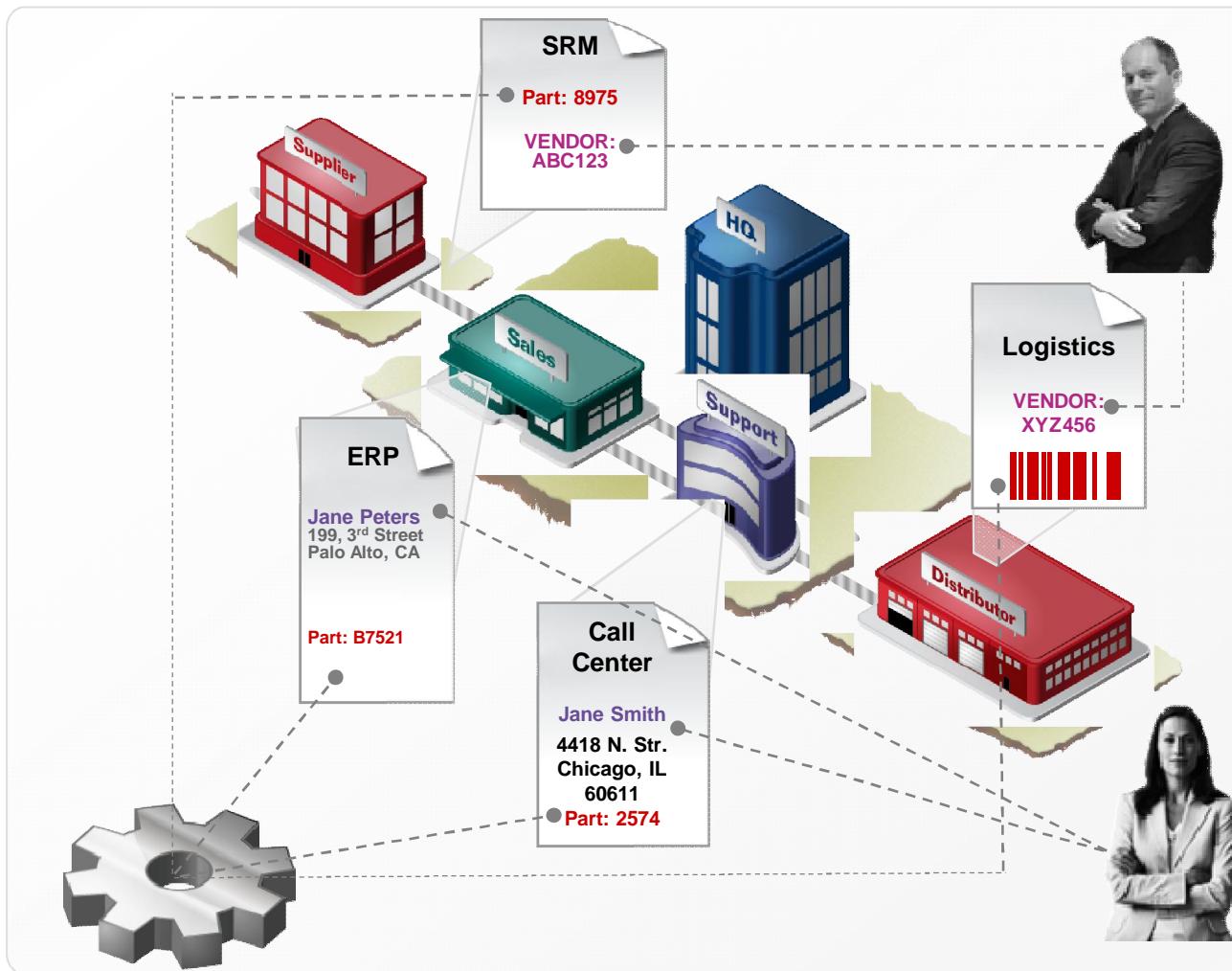
THE BEST-RUN BUSINESSES RUN SAP™



Bad Master Data hinders process innovation since every department has a different version of it



YOUR VALUE CHAIN



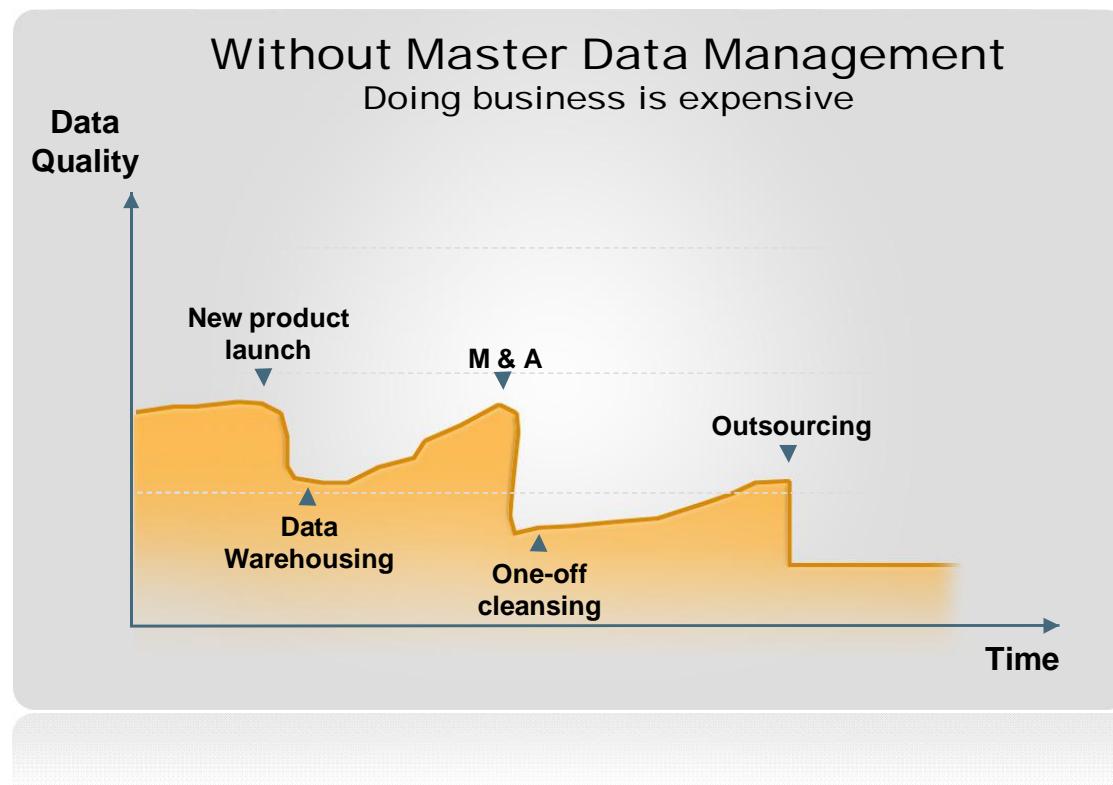
Master Data Today

- Inaccurate and duplicate
- Inaccessible, stored in various silos
- Incomplete

M & A's are worsening the problem

Costs and Complexity worsen over time

As business events continue to impact the data



57% of marketing content work was to mitigate errors



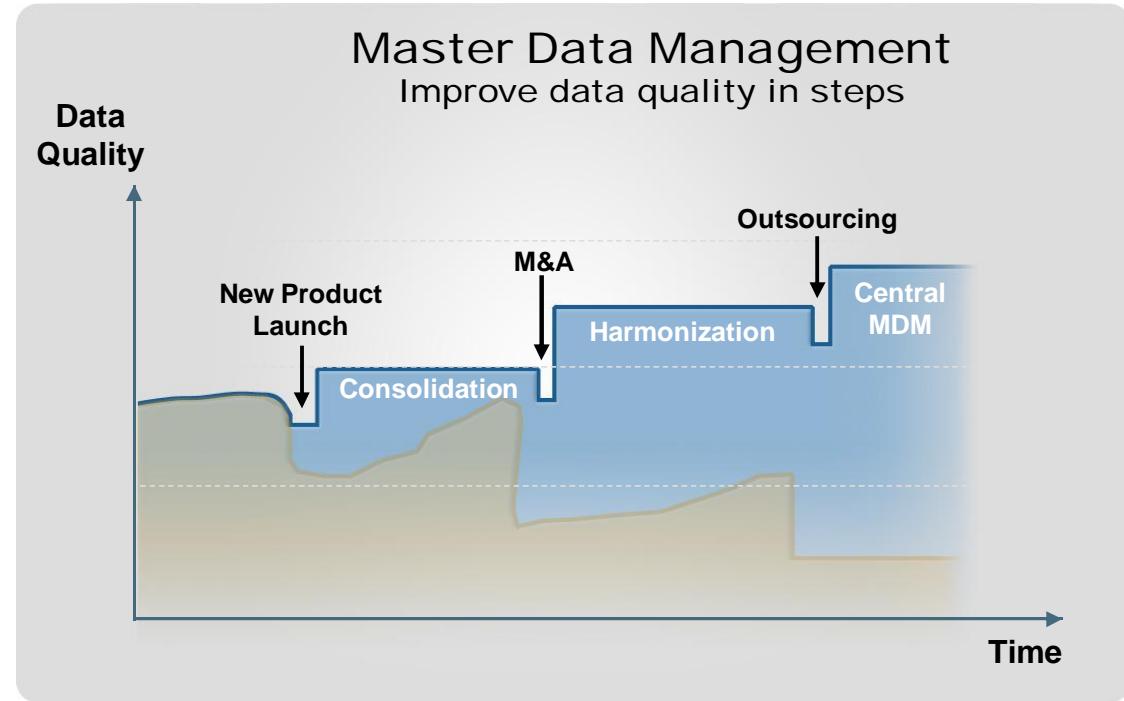
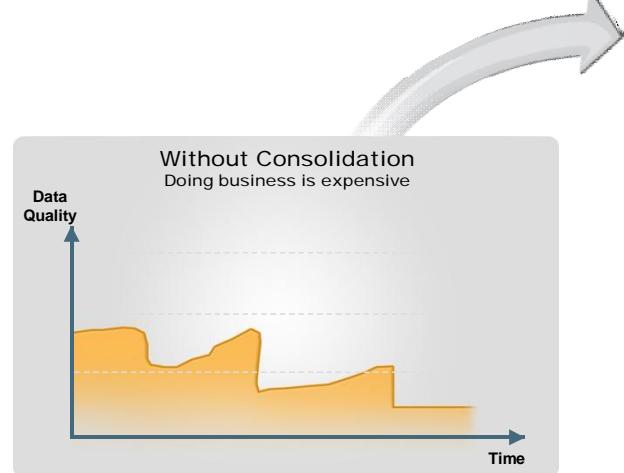
40 % orders getting blocked due to master data problems



\$6 billion Maytag merger

Managing Master Data Actively

Is Imperative to ensuring process innovation is not hindered

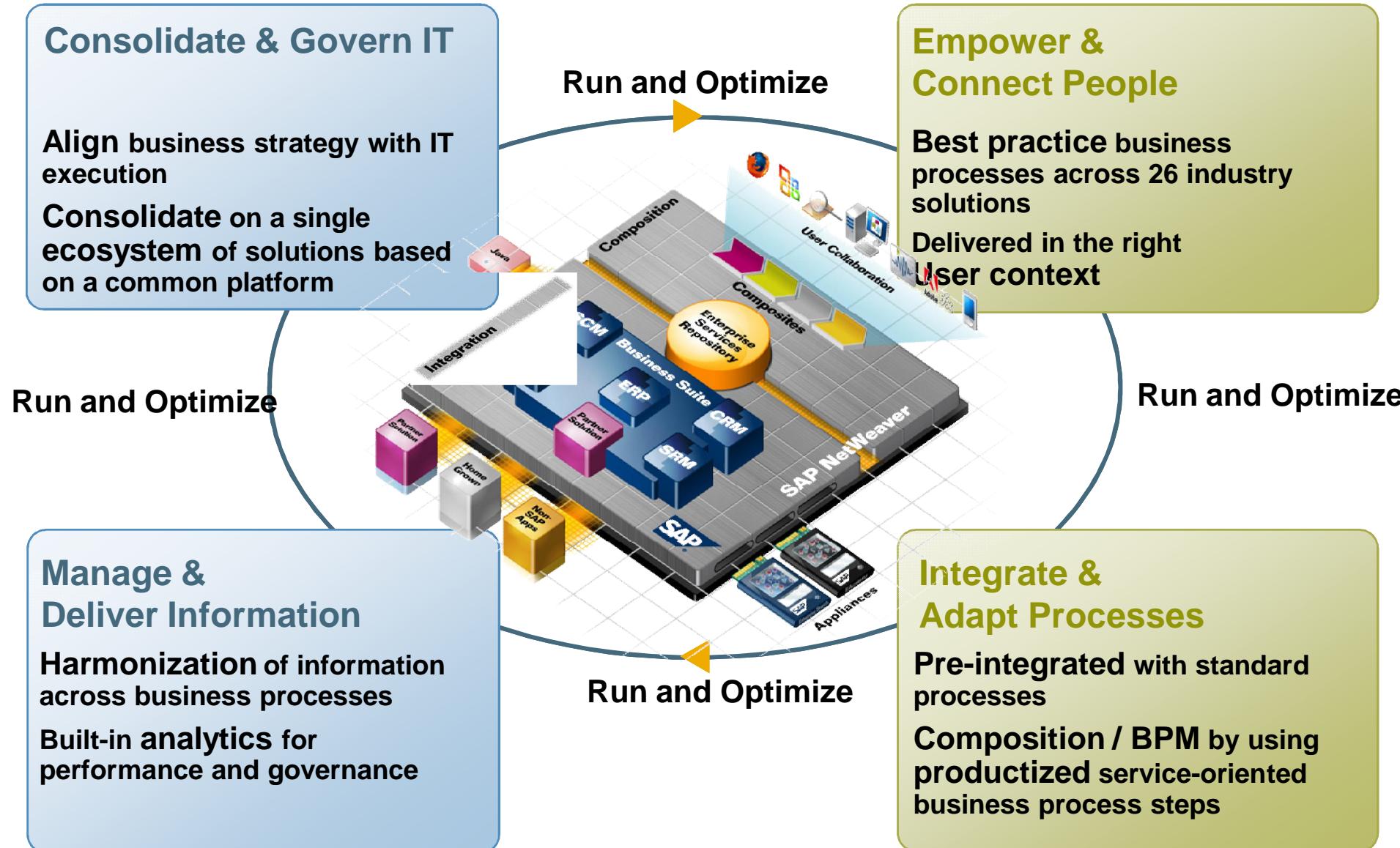


Consolidation
Ensure consistent master data across systems

Harmonization
Cleanse and distribute across entire landscape

Central Management
Create consistent master data from the start, centrally

SAP Helps CIOs Meet These Challenges



SAP NetWeaver Master Data Management

Consolidate and Centrally Manage Data Across Enterprise



A screenshot of the SAP NetWeaver Master Data Management interface. The top navigation bar includes links for Home, Customers, Products, Vendor, Employees, and various reports. The main area is divided into several sections: 'Search States' with a 'Current Search' panel showing 'Class: Monitors [Remove]' and a 'Hierarchy Search' panel showing a tree view of 'Products' under 'Computer systems' (with 'Monitors' selected). Below these are 'Taxonomy Search' and 'Key Mapping' panels. The 'Key Mapping' panel shows a table titled 'Products - Key Mappings' with one row: 'Product Name: Monitors', 'Category: Trading goods', and 'Value: 1000'. A 'Comparison' section shows a table of products: 122 (Big Screen), 123 (Easy Read), 124 (Big Screen), 125 (Big Screen), and 126 (Flat Bed: 15). The bottom of the screen shows a grid of product details.

- Compose cross-application processes in SOA with consistent master data
- Manage data using a flexible data model
- Support consolidation, harmonization, central management
- Take advantage in pre-packaged IT and business usage scenarios
- Use SAP Strategic Data Services for SAP NetWeaver MDM for optimal design and implementation
- Use SAP Services for Master Data Management for faster implementation
- 800+ customers

Ensure Data Quality

During Consolidation with Matching & Merging



Matching

- Locates duplicate records for consolidation within an MDM repository
- Supports interactive, strategy-based matching and is exposed in the MDM Data Manager*
- Allows you to:
 - Define matching strategies
 - Apply these strategies to a set of records and view the matching results

Records					
	► [Count]	► [Class]	► [Score]	► MDM Partner	► Name 1/Last Name
	2	High	86	18029	Panorama
	2	High	89	18030	Panorama St.
►	2	High	89	18028	Panorama Studios

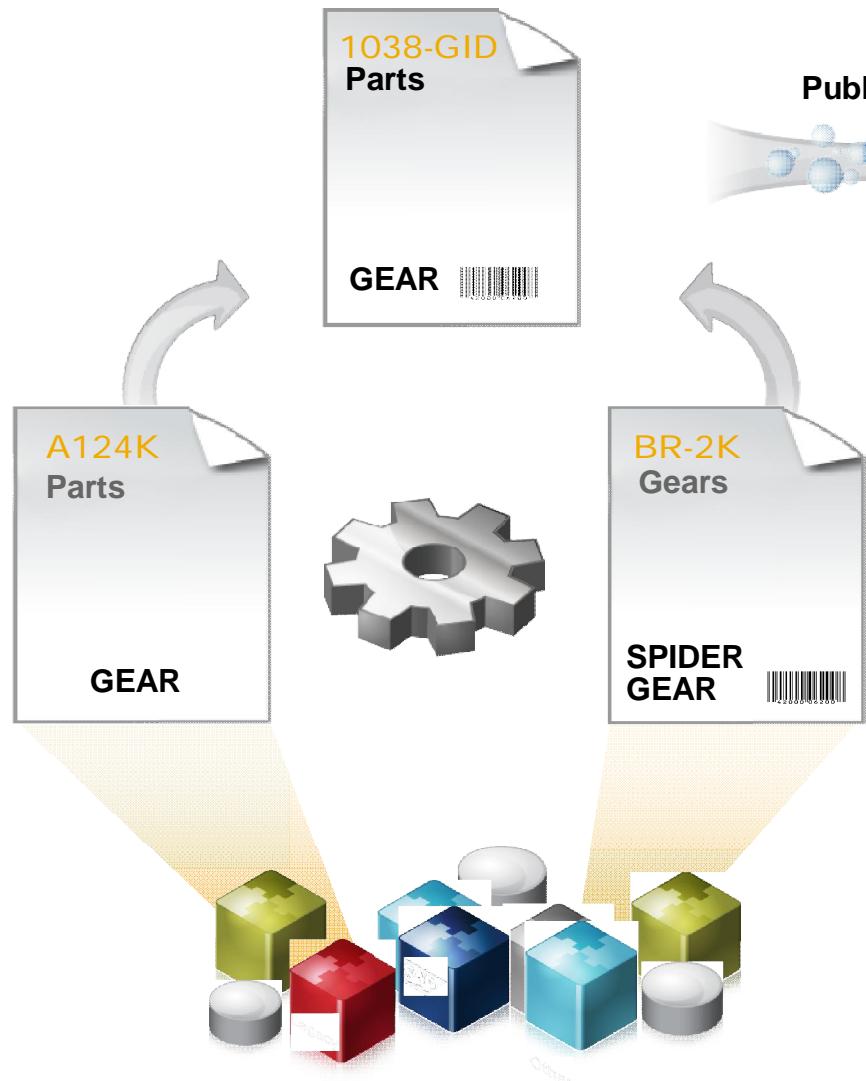
Matches	Merge	Transformations	Rules	Strategies	Workflows	Search Selections
	[Merged Record]	► 18028 ◀	18029	18030		
Name 1/Last Name	Panorama Studios	Panorama Studios	Panorama	Panorama St.		
Name 2/First Name	Bob Buyer	Bob Buyer	B. Buyer	Mr. Buyer		
Name 3/Middle Name						
Name 4/Birth Name						
House Number	178				178	
Street	Morning Drive	Morning Drive	Morning Drive	Morning Dr.		
Apartment						
Postal Code	91602			91602		
City	Hollywood	Hollywood	Hollywood	Hollywood		
Region	California	California	California	California		
Country	United States	United States	United States	United States		
Full Name	Panorama Studios	Panorama Studios	Panorama	Panorama		



* Also available via APIs

Rich Product Content Management

One view of product information anytime anywhere



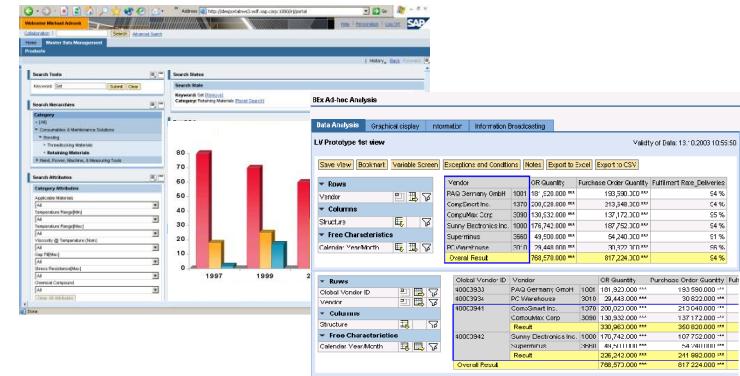
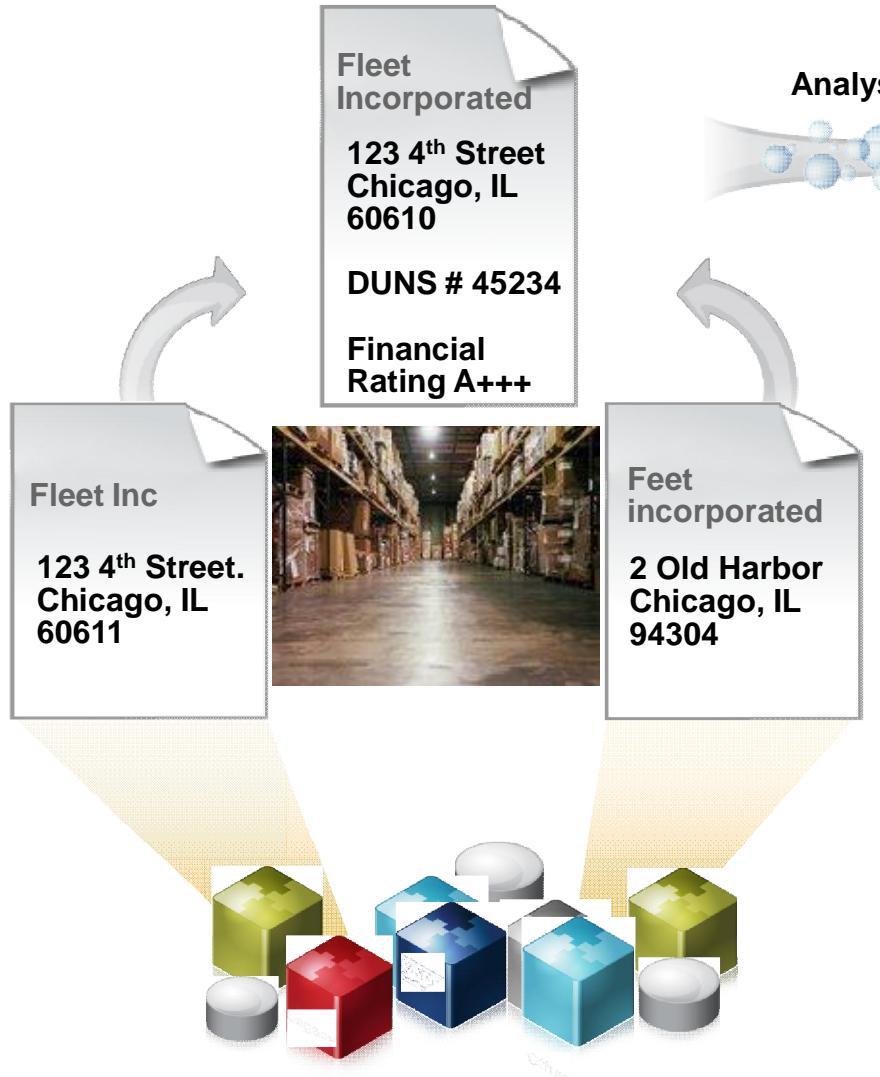
Benefits:

- Complex product and relationship management
- Print/web publishing including layout and production

Example: Product information is consolidated and enriched and published internally or externally

Supplier/Vendor Data Integration

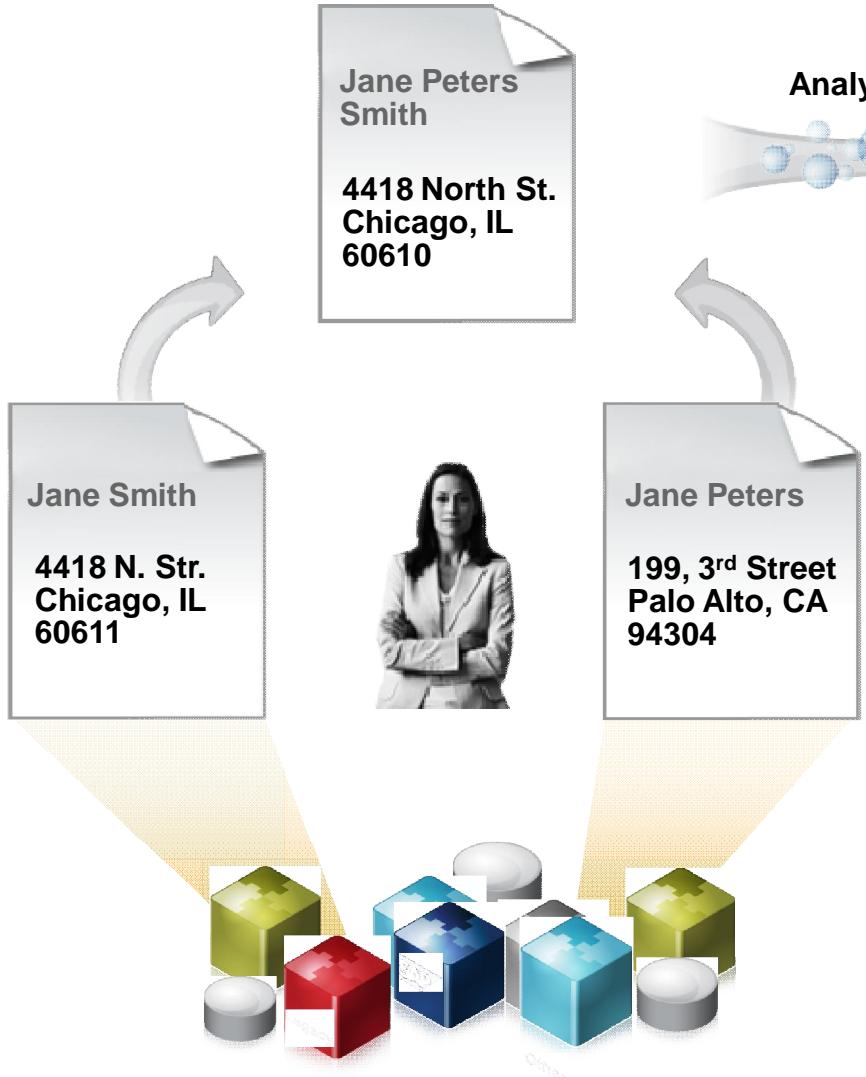
One view of Vendor information anytime anywhere



- Identify and categorize suppliers
- Utilize external validation such as D & B's Duns Number
- Leverage one view of suppliers to gain supplier visibility and negotiate better procurement contracts

Customer Data Integration

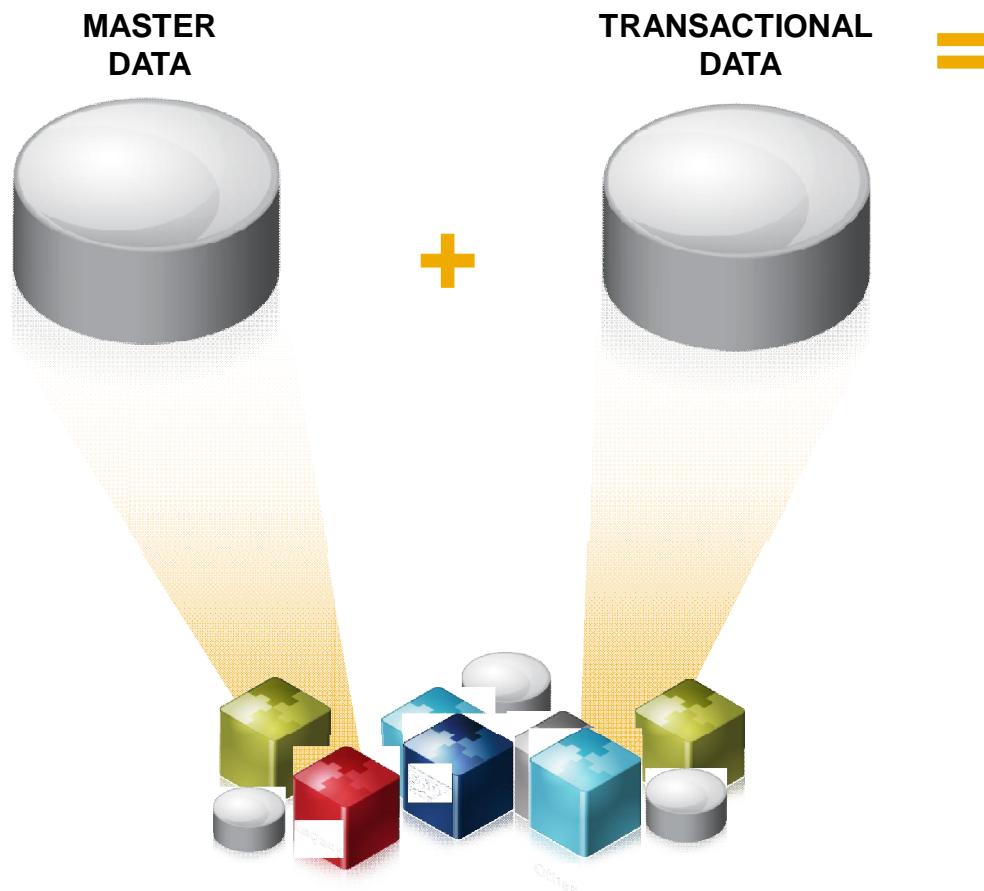
One view of customer information anytime anywhere



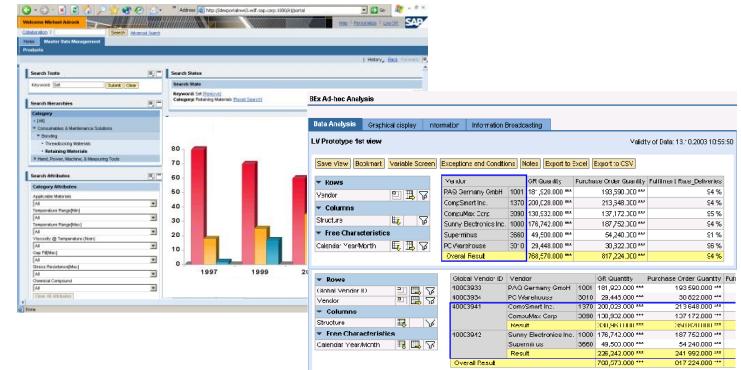
- Extensive matching framework
- Provides web services to customer data access
- SAP & Non-SAP integration

Improved Business Intelligence

Deliver unique insights with an integrated platform



BUSINESS INSIGHT



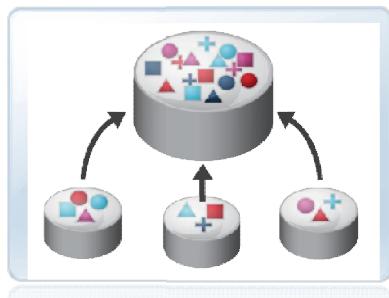
- Understand your most profitable products, best customers and cheapest/reliable vendors
- Gain insights by integrating transactional data from heterogeneous systems with master data for analysis

CONSOLIDATING HAS NEVER BEEN EASIER

Consolidate, harmonize and centrally manage master data



Extract



- Instance Consolidation from R/3 and other sources
- Direct ODBC System Access, extract flat files, 3rd party application data, XML sources, many more..
- Single pass data transformation, Auto-mapping, Validation Rules, Exception handling

Cleanse



- Business Users can define matching rules, complex matching strategies, conduct data profiling, enrich data
- Data Enrichment Controller to use 3rd party sources like Trillium, D & B and other partners for address completion, company validation and enriching data

Consolidate



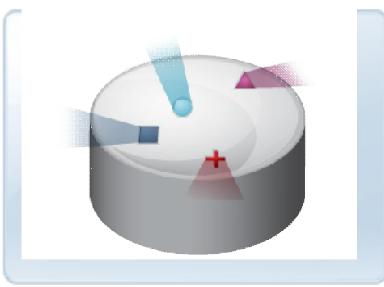
- Search and compare records, identify sub-attributes for consolidation in sub-second response times
- Merge Records seamlessly, tracking source systems with built in key mappings
- Leverage out of box data models for consolidated data

CONSOLIDATING HAS NEVER BEEN EASIER

Consolidate, harmonize and centrally manage master data

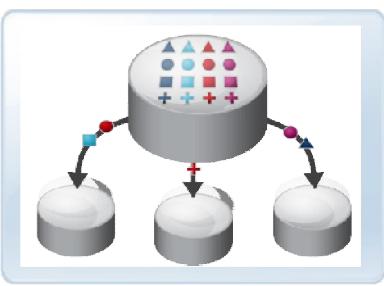


Create



- Centrally manage master data
- Leverage validation rules to enforce data integrity
- Manage rich content set and relationships associated with master data record

Distribute



- Syndicate master data in XML or to any SAP or non-SAP applications
- Works with SAP and non-SAP distribution technologies for easy fit in heterogeneous environments

Govern



- Leverage built in workflow to manage compliance process, ensure administrators can validate imported records
- Enforce data governance through user roles, security, workflow, audits to prevent future data problem

Best Practice Value Scenario

O&G – IDENTITY MANAGEMENT



THE BEST-RUN BUSINESSES RUN SAP™



SAP NetWeaver Identity Management

Helps companies grant and manage users' access to heterogeneous applications securely & efficiently while meeting audit and compliance requirements.

SAP's solution provides a central mechanism for provisioning users in accordance with their business roles, and supports related processes like password management, self-service and approvals workflow.

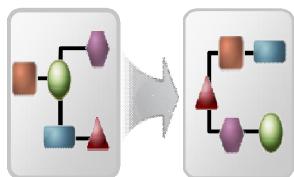
Unlike competing products, it provides standards-based integration with HR, GRC and other business processes and offers Identity Services for support in SOA environments

Business Drivers for Identity Management



Increasing operational costs

- Maintenance of multiple sources of identity data
- Manual user provisioning by helpdesk delaying on/off boarding and change in positions
- Labor-intensive paper-based approval systems
- Users dependent on helpdesk response times



Changing business processes

- Constant changes in business processes to align with changing business objectives
- Market consolidation with mergers and acquisitions
- Cross-enterprise transactions with increasing business partner process participation
- Industry specific user provisioning requirements



Compliance requirements

- No record of who has access to which IT resources
- Inability to de-provision user access rights on termination
- Identify and manage business & IT controls
- Provide auditors with complete audit trail
- Prevention of un-authorized access in multi-enterprise environment

IT operations silos

Maintenance of multiple sources of identity data

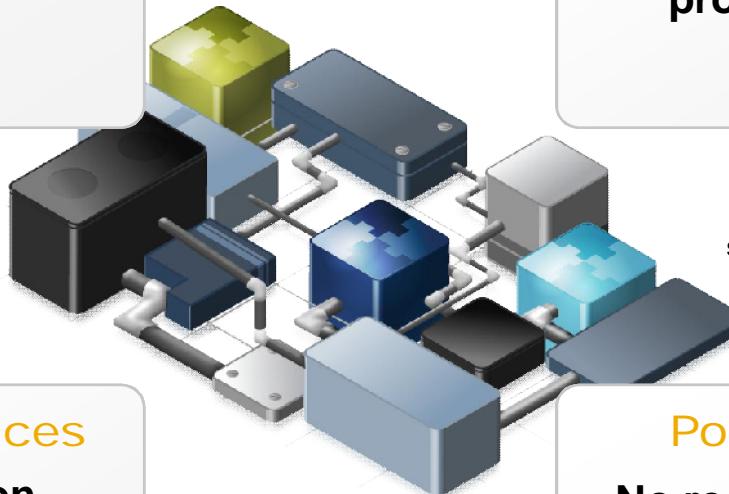
Manual user provisioning by helpdesk



Complex management; expensive to operate; inconsistent user data



Poor levels of user satisfaction; excessive levels of helpdesk utilization



Manual processes

Labor-intensive paper-based approval systems

Inconsistent and informal processes proliferate



Error-prone; subject to loss, and delays; subject to abuse

Unresponsive services

Users dependent on helpdesk response times

Delays due to absence or workload of approvers

Poor security controls; high costs of audit; potential for IT security audit failure



Poor accountability

No record of who has access to which IT resources

Inability to de-provision user access rights on termination

Addressing IT and Business Needs

Identity management is a key addition to the platform



Optimized IT

Single point of control for all user management

Automation of manual, repetitive tasks

Centralized control across heterogeneous IT estate

Adaptable processes

Consistent hire to retire processes enterprise-wide

Re-use of investment in SAP business processes across entire SOA

“Best practice” for user management

Empowered users

Self-service delivers fast service and reduces helpdesk load

IT access gives access to systems from day one

Centralized policies for user management

Trusted information

Enforcement of centralized user access rights policies

Centralized audit of user access rights and administrative actions



Centralized audit meets compliance requirements

Typical User Lifecycle Management



Issues in this scenario:

- Long time to become productive
- Manual steps to get access
- No de-provisioning of authorizations

SAP NetWeaver Identity Management

– Value Proposition



Operational Costs

Efficiency

- Central management of user identities
- Lower cost of administration

Changing business processes

Flexibility

- Business driven Identity Management
- Responsive to business change

Compliance requirements

Insight

- Regulatory compliance
- Governance model for policy management

Enabled by ...

- Standards based technology platform
- Leverage NetWeaver management and administration capabilities
- Rule driven workflow / approval process

Enabled by ...

- Standards based integration with Business Suite
- Identity Services enabling tightly aligned loosely coupled integration

Enabled by ...

- Extensive audit trail, logging and reporting capabilities
- Integration with SAP Suite and GRC for end-to-end, compliant, role-based control



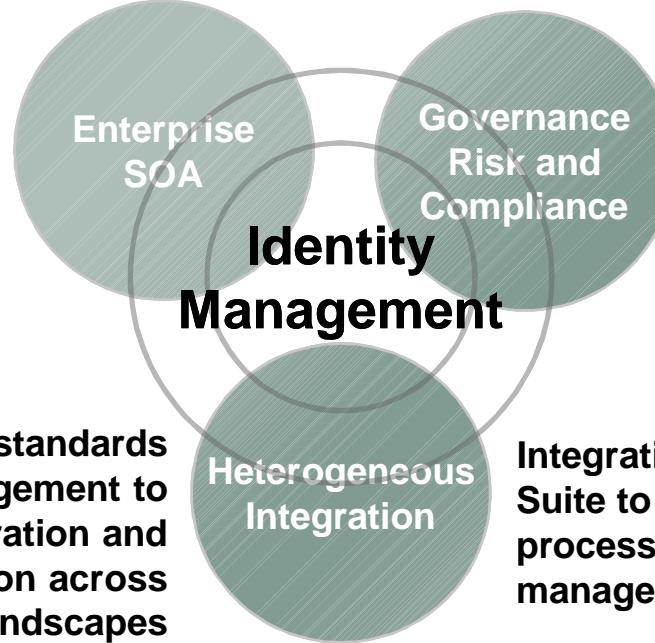
Provisioning, synchronization and process integration

- Provision access by role
- Open integration
- Synchronization
- Reporting and audit
- Easy administration
- Self-service for users
- Standards based technology platform

Business Driven, Compliant Identity Management



Identity Services Model to deliver service enabled identity management for SOA environments, enabling tightly aligned and loosely coupled integration



Service enabled and standards based Identity Management to simplify integration and customization across heterogeneous landscapes

Business driven identity governance model and sustainable prevention of segregation of duties violations to deliver compliant identity management

Integration with the Business Suite to enable true business process driven identity management

SAP's vision is to provide an integrated, business driven, compliant* identity management solution on a standards based technology platform

*Provided by SAP Solution for GRC

IDM triggered by identity business processes and data



Business processes rely on appropriate user and role assignments in systems

e.g. on-boarding

HCM



HCM Integration

Identity virtualization and identity as service through standard interfaces

SAP NetWeaver Identity Management

Approval Workflows

Central Identity store

Compliance checks through GRC or meta roles

GRC Access Control

Distribution of users and role assignments for SAP and non-SAP systems

Identity Mgmt. monitoring & Audit

SAP FI ABAP

SAP HR ABAP

SAP ERP ABAP

SAP XI ABAP Java

SAP Java

SAP Portal Java

Legacy App.

Databases

Web App.

MS Exchange

Operating Systems

Compliant Identity Management

... Integration with SAP GRC



CIO

SAP NetWeaver
Identity
Management

Provide the reduced TCO and increased security required by the CIO



CFO

SAP GRC
Access Control

Satisfies the requirements of the CFO to ensure that IT business application controls are compliant

Compliant Identity Management

- Provides compliant Identity Management across SAP and heterogeneous landscape in one integrated solution
- Standards based integration creates tightly aligned, loosely coupled solution from complementary components
- Gives a consistent view on current and historic access rights, approvals and policy violations

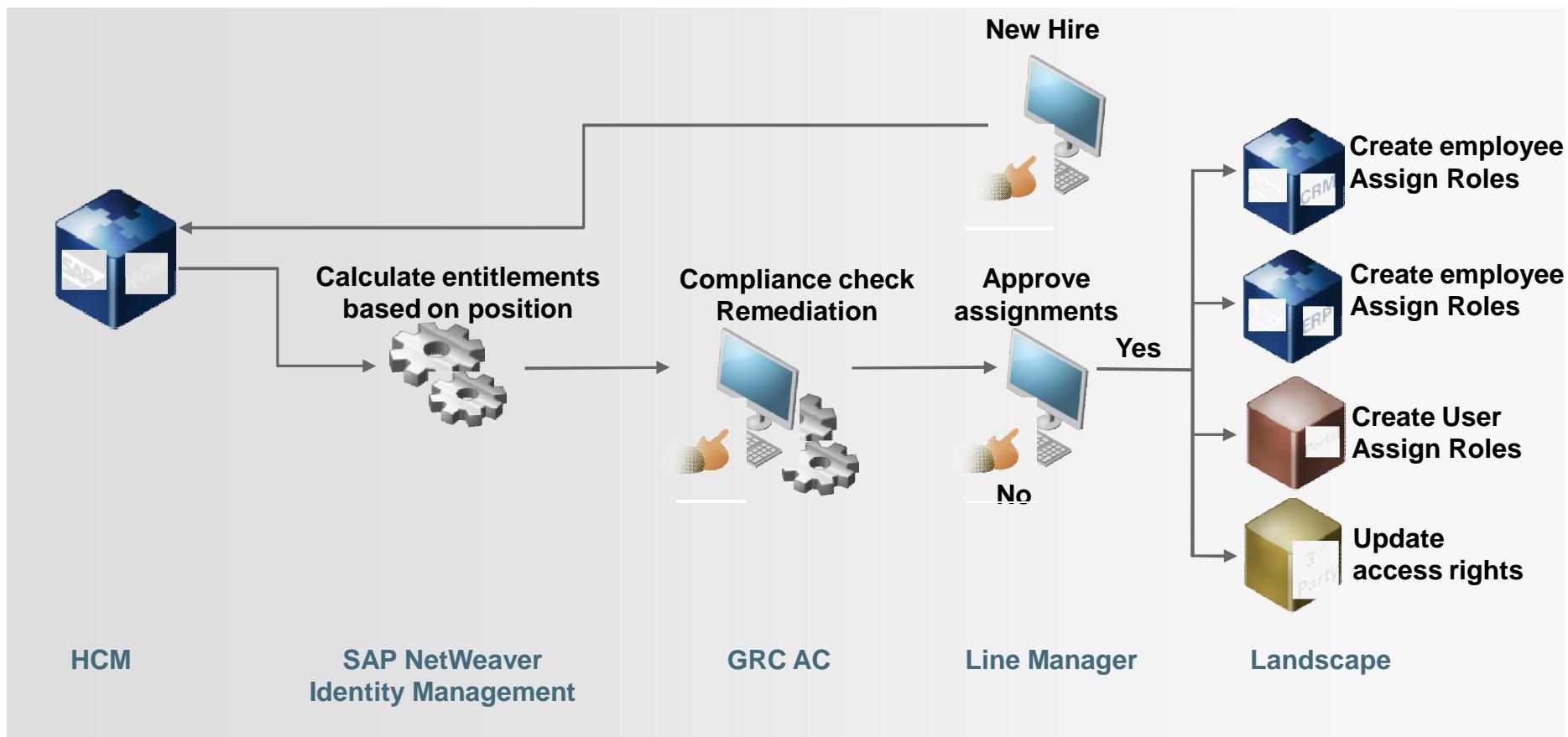
Business Process Driven ... Compliant Identity Management



- Need automated position-based role management while ensuring compliance

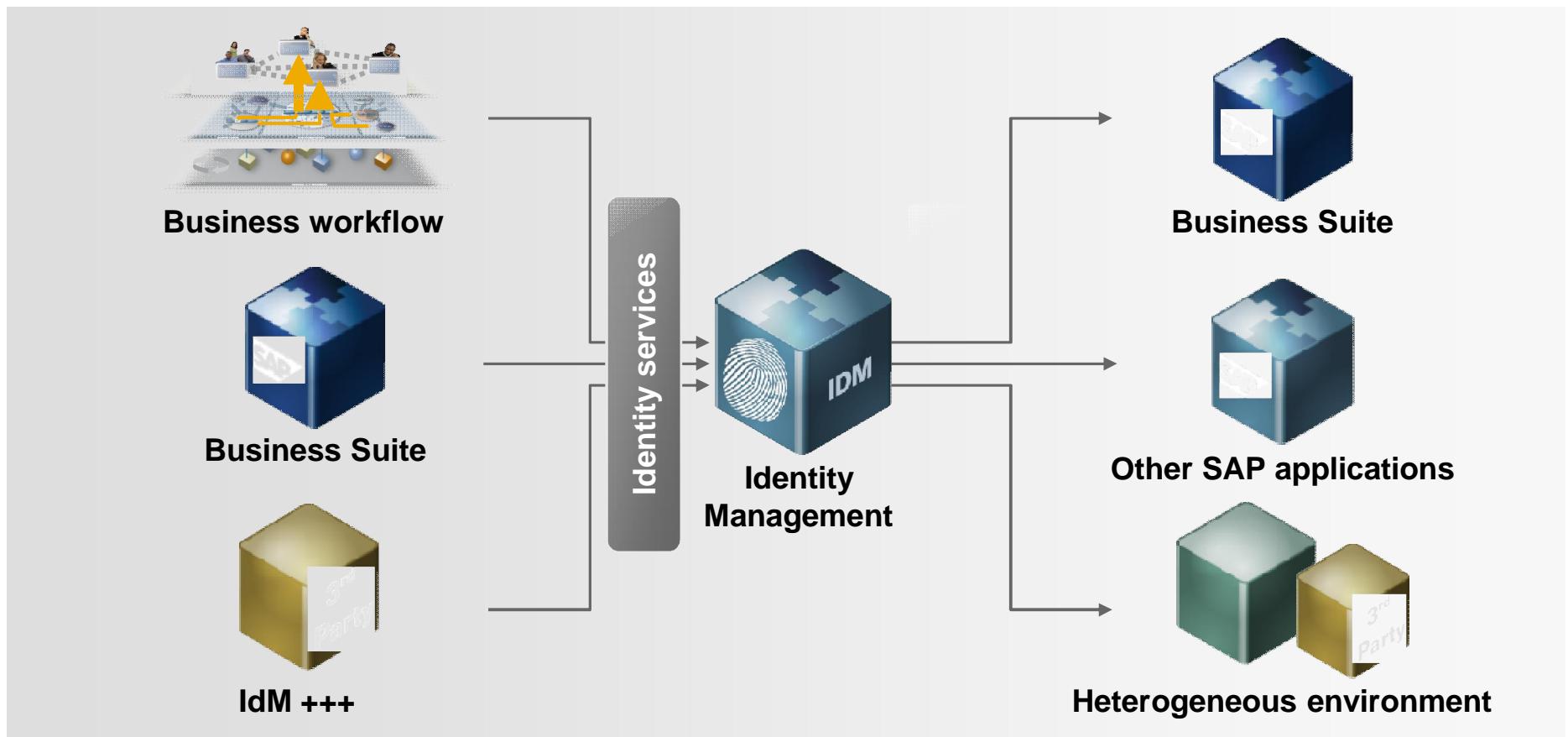


- Reduce TCO by simplifying assignment of roles and privileges to users, starting from HCM events
- Reduce risk by compliance check and remediation
- Automate manual processes by integration with SAP Business Suite



- Need ability to create a tight integration with SAP applications
- Need ability to integrate 3rd party applications

- Identity Services as a standards-based single access point for querying and managing identity information in the complete system landscape
- ‘Tightly aligned, loosely coupled’ integration with SAP and heterogeneous applications based on Industry standards



Best Practice Value Scenario

O&G - OPERATIONAL FINANCIALS

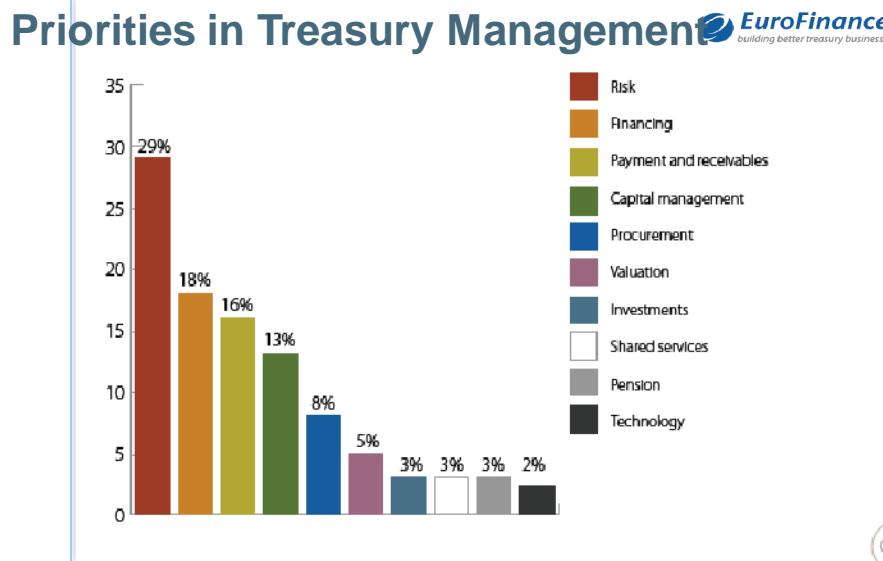
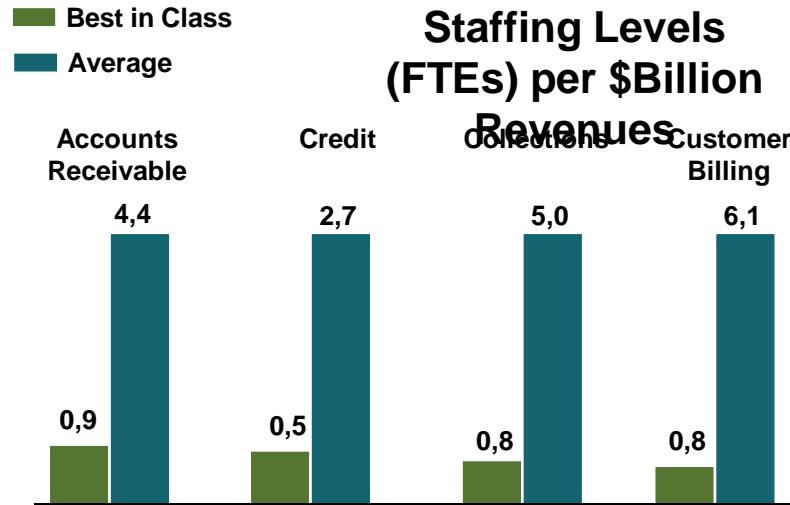


THE BEST-RUN BUSINESSES RUN SAP™



Managing Working Capital Today

Too little focus, too much complexity



Perspectives on Working Capital Mgmt.

Lack of Insight ¹

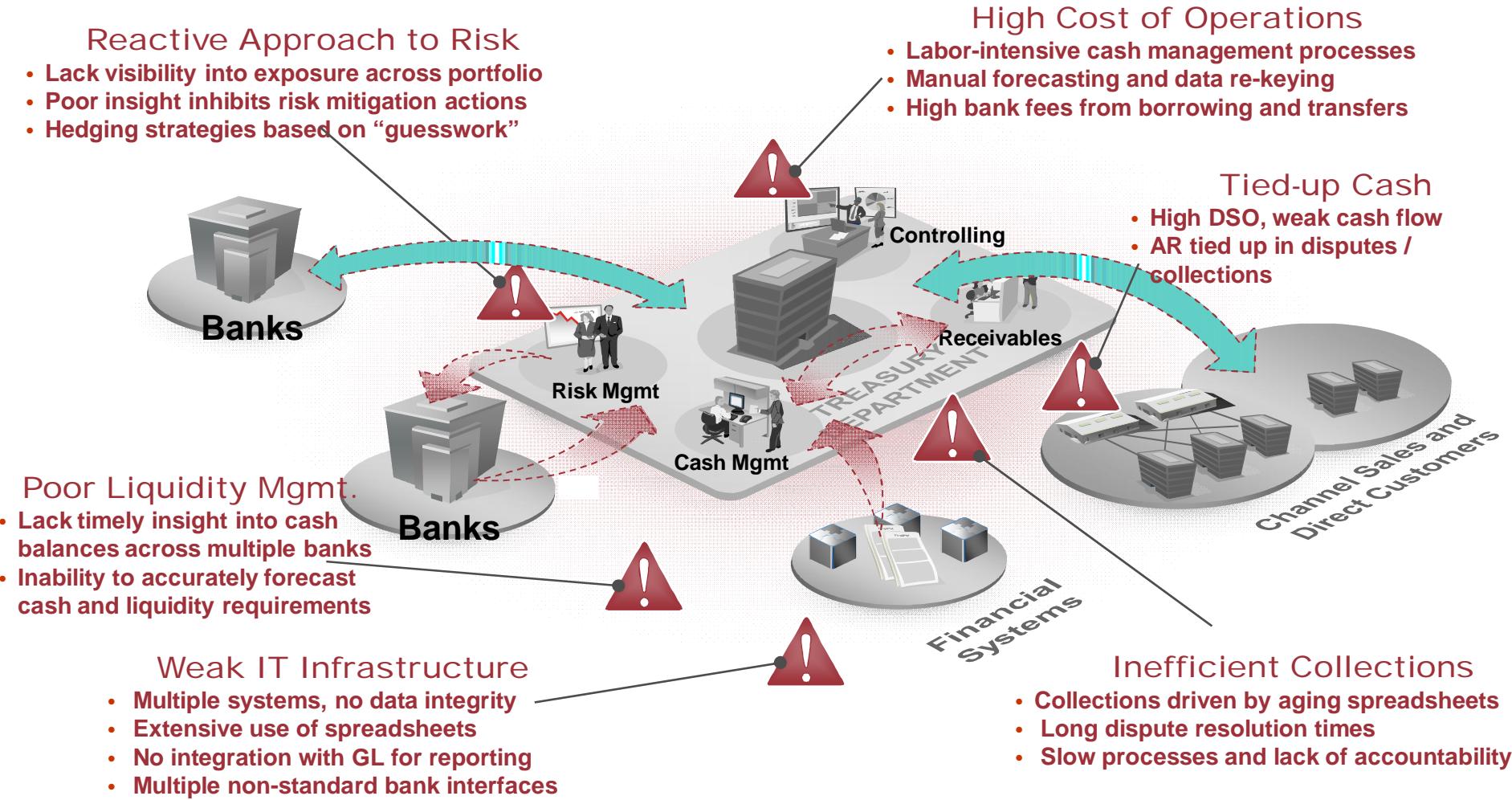
- **Average companies spend 51% of their time gathering information and only 49% of their time analyzing it**
- **High performing companies spend 13% of their time on information gathering and 87% analyzing it**

Internal Inefficiency

- **A \$10 B firm could save approximately \$110 million annually by employing an in-house bank¹**
- **Average time to collect open accounts receivables in the 1960's: 45 – 60 days²**
- **Average time to collect open accounts receivables today: 45 - 60 days²**

Inhibitors of Managing Working Capital

Fragmented processes, poor visibility, very inefficient



Inconsistent credit policies, manual collections and dispute handling drives up costs and DSO. Poor visibility into cash flows, cash balances and inaccurate forecasts results in unnecessary borrowing and missed opportunities to earn interest on invested cash.

What does this mean for your business?



Top Executive Issues

- **How do I streamline finance processes and decrease the overall cost of Finance department operations?**
- **How do I improve cash flow, reduce DSO and reduce bad debt risk?**
- **How do I improve cash and liquidity management and forecasting?**

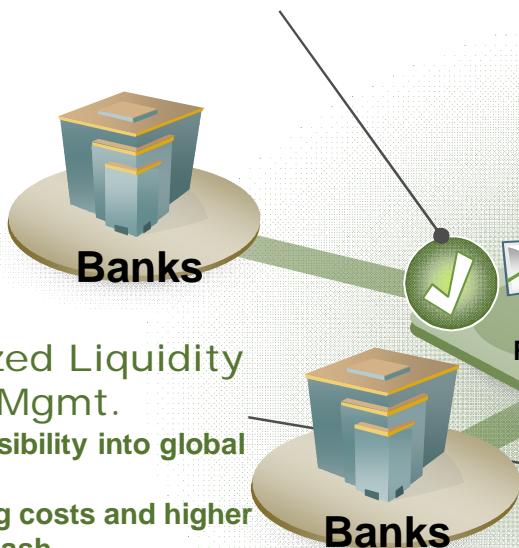
Working Capital Management Best Practices

Process automation, end-to-end visibility, collaboration between teams



Balance Risk with Performance

- Timely insight into risks across portfolio
- Robust risk management systems

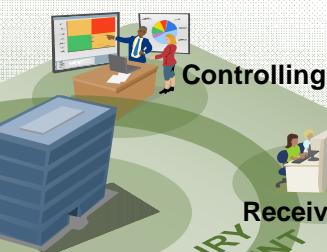


Optimized Liquidity Mgmt.

- Complete visibility into global liquidity
- Low banking costs and higher returns on cash

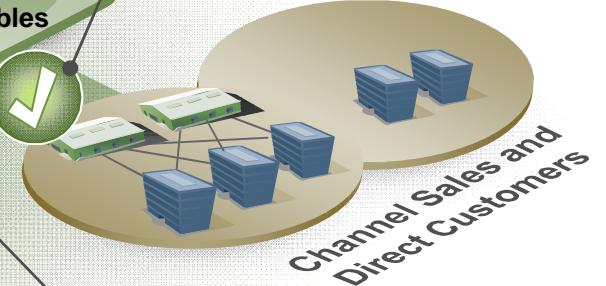
Efficient Treasury Operations

- AR, AP and treasury activities streamlined through automation and workflow
- Integrated treasury systems and GL ensure accurate reporting and compliance



Robust Cash Flow

- Low days-sales-outstanding
- Surplus cash invested



Integrated IT Systems

- Integrated risk, cash and liquidity management
- Natively integrated with general ledger
- Single point of connectivity to multiple banks

Integrated AR Management

- Integrated dispute, collections and AR systems
- Workflow and collaboration driven resolutions
- Analytics drive accountability

Automation and workflow streamlines collections and dispute handling to reduce costs, improves cash flow and lower DSO. Complete visibility across cash sources and global bank accounts improves liquidity management, decreases costs and improves returns on cash.

Optimize Working Capital

Key Stakeholders & Objectives



Optimizing Working Capital requires alignment across multiple processes, internal departments and external partners to ensure liquidity and robust cash flow



Manage Receivables and Customer Credit

How do I reduce DSO, bad debt risk and the cost of managing receivables?

- Days Sales Outstanding (DSO)
- Dispute/Collections Resolution time
- Cost of Finance as % of Revenue
- Bad Debt as % of Receivables

Manage Treasury (Cash Management)

How do I ensure strong cash flow and more effectively manage enterprise liquidity

- Working Capital ratio
- Free cash flow
- DSO
- Returns on invested Cash
- Bank interest and fees expense

Two Essential Steps to Optimize Working Capital Management



CFO

Two strategies to improve working capital management processes involve managing receivables and customer credit more effectively, and managing the sources and uses of cash – in treasury – as an integrated process



Controller/AR Manager



Treasurer

Manage Receivables and Customer Credit

Manage Treasury (Cash and Liquidity)

Credit Management

Credit management

Accounts Receivable

Electronic Bill Presentment and Payment

Collections Management

Dispute Management

Financial Analysis

Customer Credit Risk Analysis

Receivables Aging Analysis

Cash and Liquidity Analysis and Forecasting

Bank to Book Reconciliation

Treasury and Cash Management

Manage Cash

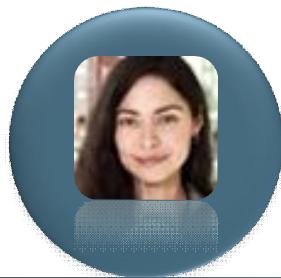
Manage Financial Risk

Manage Liquidity

Bank Communications Management

Manage Receivables and Customer Credit

Objectives, Issues, Capabilities & Benefits



Objective: Robust Cash Flow

Best Practice Solution: Streamline Receivables and Collections Management

The SAP FSCM suite of applications provide robust process automation and collaboration workflow that enables more accurate and faster credit evaluations, accelerated dispute and collections case resolutions and streamlined customer billing.

Issues

- Slow paying customers and reduce cash flow velocity and increase risk of bad debt write offs
- Billing disputes and collections negatively impact cash flow and drive up DSO
- Disputes and collections require a high degree of manual intervention thereby driving up operating costs
- Uncollectible receivables must be written off as an expense. Chronic bad debt increases allowance for doubtful accounts.

Key Business

- Automation, collaboration and workflow capabilities streamline dispute and collections processing and accelerate resolution
- Case management and workflow improve information sharing across functions
- Rigorous credit analysis and exposure management reduce bad debt risk
- Online billing and dispute management for your customers

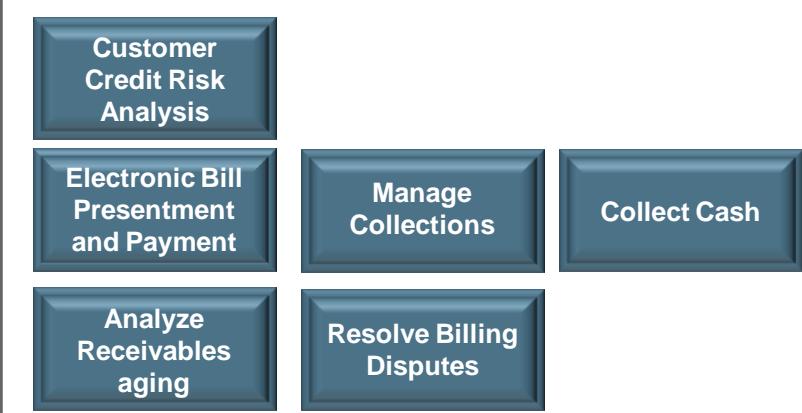
Benefits

- Increased cash flow velocity, reduced DSO and improved cash flow
- Lower risk of bad debt write off and subsequent profitability impact.
- Lower cost of finance through decreased resource requirements
- Online invoice management eliminates payment or dispute filing delays

Manage Receivables and Customer Credit



SAP



- SAP Financial Supply Chain Management provides workflow-based, collaborative dispute and collections resolution
 - SAP Biller Direct (Electronic Invoicing)
 - SAP Dispute and Collections Management
 - SAP Credit Management
- SAP ERP Financials – Accounts Receivable
- SAP Analytics drive accountability

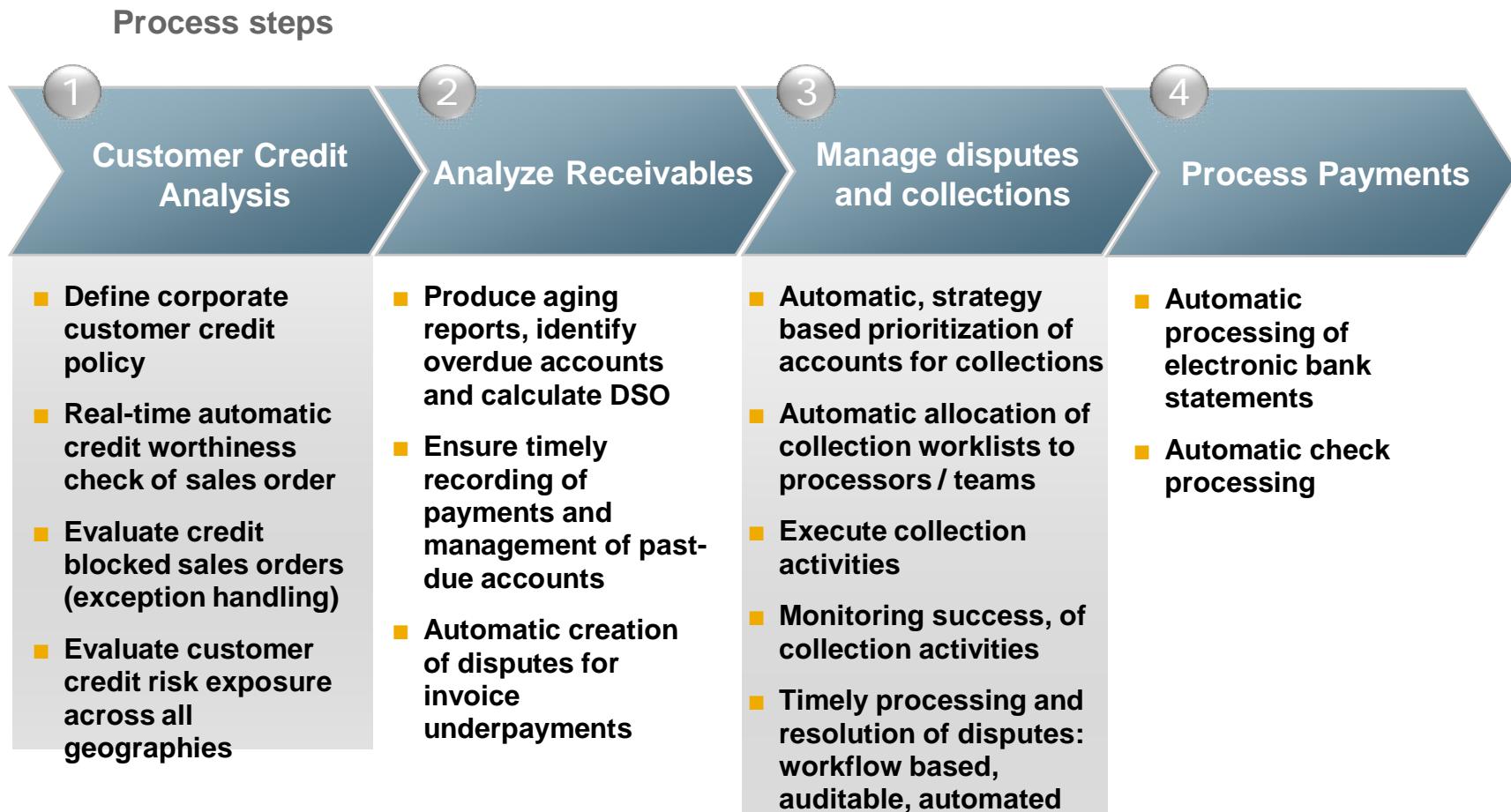
SAP Differentiators

- Complete integration between SAP ERP Financials and SAP FSCM applications. Robust workflow and collaboration capabilities speeds problem resolution. Online AR invoicing, payments and dispute resolution.
- Workflow, collaboration and case management functionality improves dispute and collections handling times. Rules-based escalations ensure accountability.
 - Comprehensive analytics provide visibility into root causes and helps ensure cross-functional accountability.
 - Comprehensive credit management application uses rules-based decisions based on internal and external data. Provides comprehensive view of global risk exposure.

Accounts receivable cycle



Managing the AR cycle involves evaluating customer credit, managing trade credit limits, resolving billing disputes and collections of overdue accounts to ensure timely receipt of payments and healthy operating cash flow.



Manage Treasury (Cash and Liquidity)

Objectives, Issues, Capabilities & Benefits



Objective: Manage Treasury (Cash and Liquidity)

Best Practice Solution: Real time Global Cash insight and Better Forecasting

Ability to pull real-time, reconciled data from AR and AP systems improves cash forecasting. Comprehensive visibility into global cash positions and risk ensures adequate liquidity and protects profitability

Issues

- Business need to balance their sources and uses of cash to ensure they have enough liquidity to meet current liabilities and expenses
- Multi-national companies maintain bank accounts in multiple countries. Moving cash between banks to meet payment obligations in one location drives up costs
- Finance departments, like any cost center, must control their resource costs
- Exogenous market factors can increase financial risk, constrain liquidity and destroy profits

Key Business

- Centralized cash management and robust forecasting enables greater transparency into global cash needs and balances
- Central in-house control over cash reduces the dependency on banks and the need to transfer cash to regions where it is needed
- Complete automation of cash and liquidity management processes. In House cash center reduces resource demands and bank costs
- Comprehensive risk analysis, hedge effectiveness testing and transaction execution
- Standard software for bank communication and payments

Benefits

- Robust cash and liquidity to fund operations, reduce dependency on external financing
- Ensure timely funds available when and where needed. Higher profitability through reduced bank fees and borrowing costs
- Lower resource costs and improved profitability
- Improved risk management reduces overall risk profile, ensures liquidity and protects profitability
- Reduce corporate to bank process costs

Manage Treasury (Cash and Liquidity)



SAP



- **SAP Treasury and Risk Management**
- **SAP In-House Cash**
- **SAP Cash and Liquidity Management**
- **SAP Bank Communication Management**
- **SAP Integration Package for SWIFT**
- **SAP GRC Risk Management (Optional Extension)**

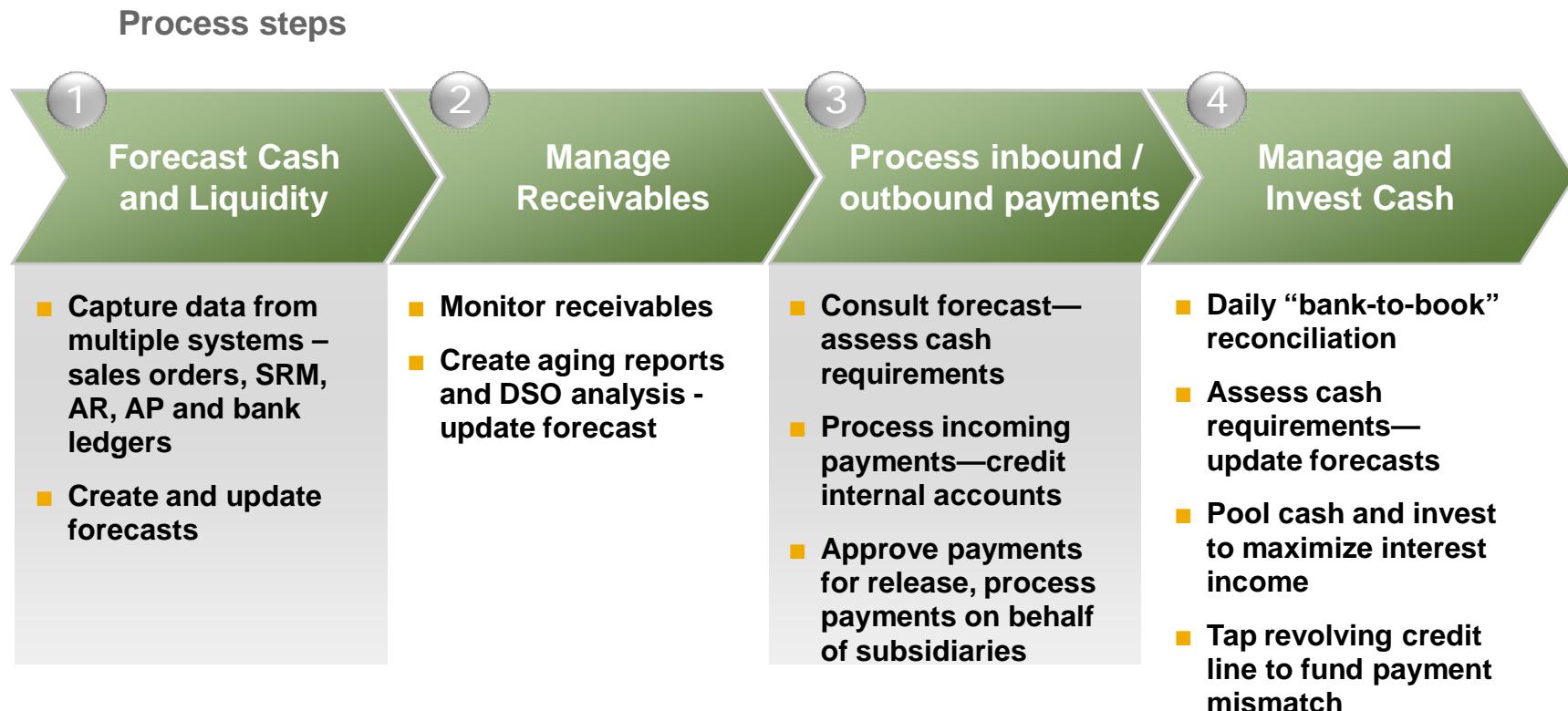
SAP Differentiators

- Complete integration between SAP Treasury applications and core accounting systems results in up to date liquidity management and treasury accounting and compliance.
- Integration between In House cash, banks and SAP General Ledger provides reconciled intra-day cash positions.
- Utilize standardized electronic communications with banks for complete straight-through processing.
- Natively integrated SAP Cash and Liquidity and Financial Supply Chain applications provide more accurate cash flow forecasting and more effective liquidity management.

Cash and Liquidity Management



Cash and Liquidity management provides visibility into and control over sources and uses of cash, manages cash flows and forecasts and manages cash to ensure the enterprise has sufficient liquidity to fund its operating activities

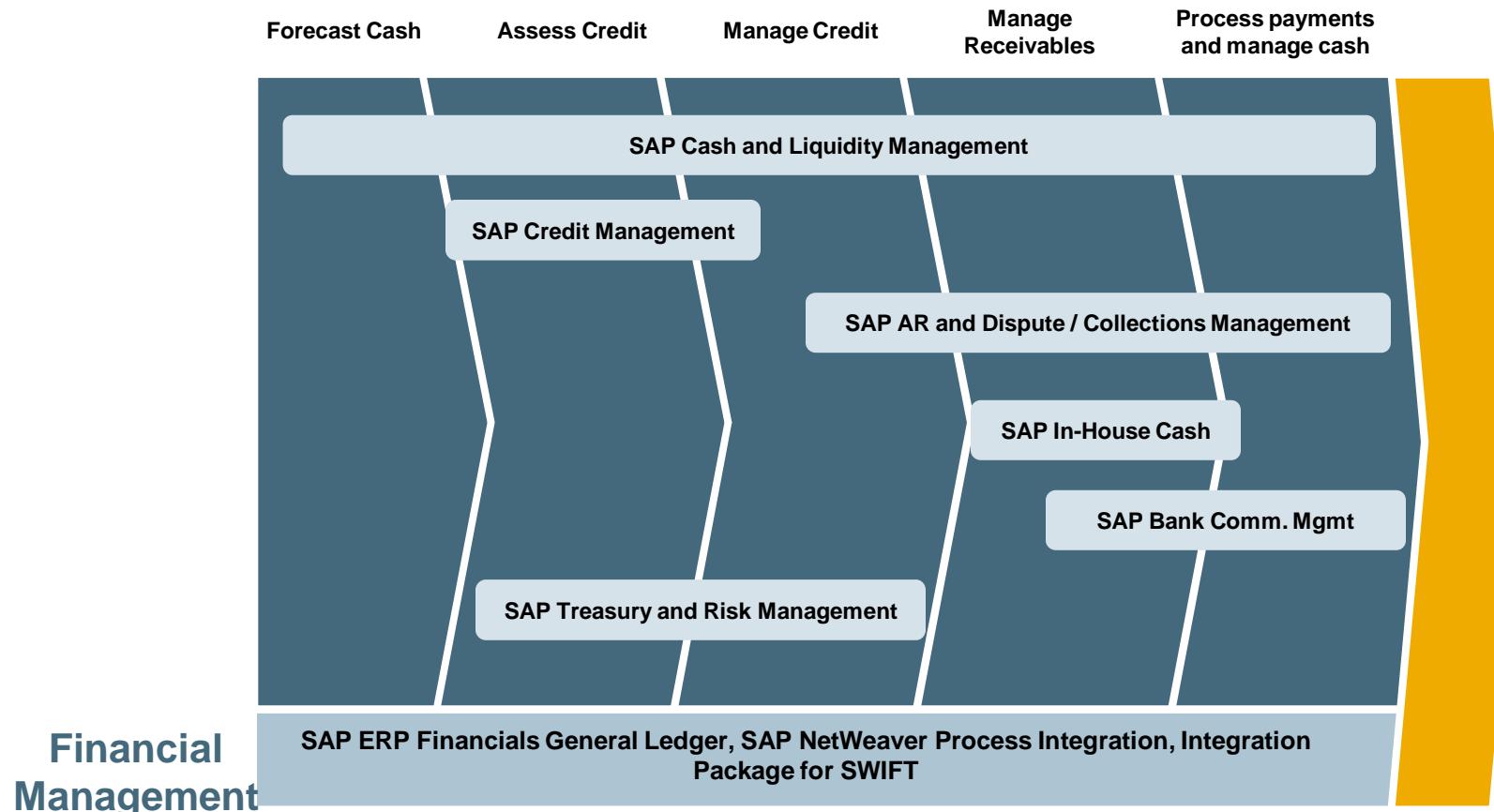


Optimize Collections and Cash Management

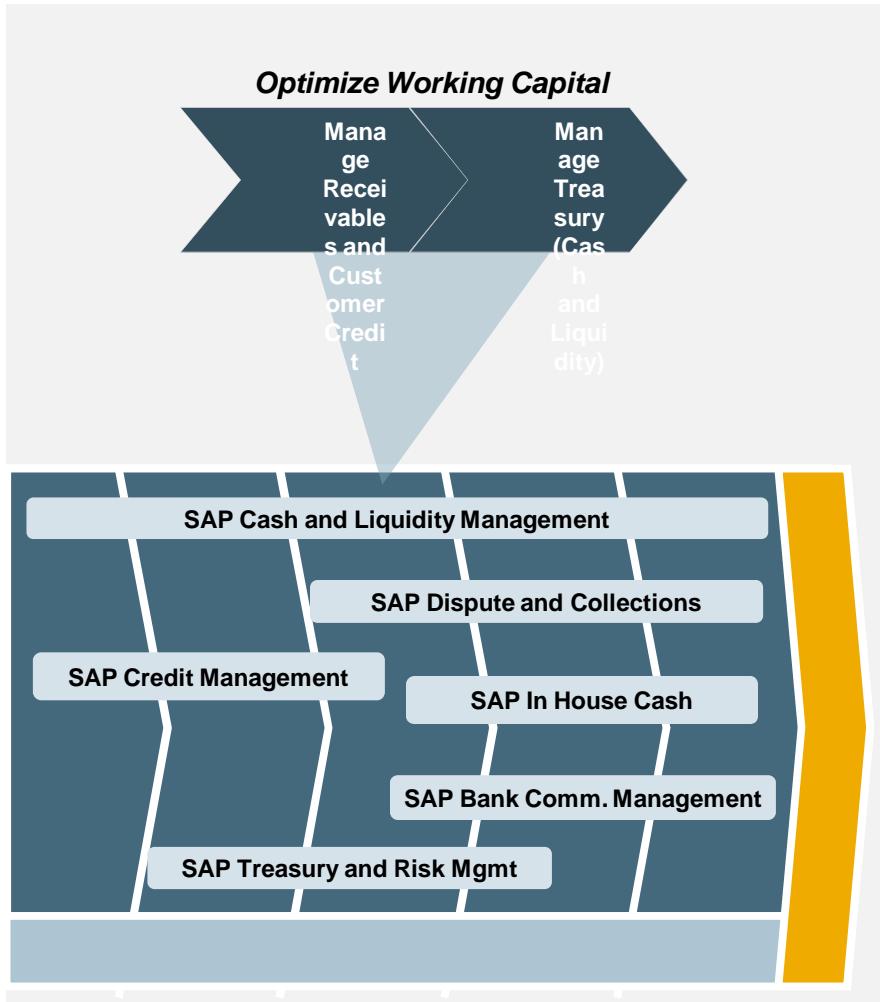
Sell-Side Cash Flow Optimization



SAP's solutions map to industry best practices to improve cash flow and receivables management



Improve operating cash flow and receivables management



Native integration:

- Across the business functions that impact working capital
- With all other SAP and partner applications
- Enables better decision-making and reduces cost and risk
- Significantly Reduces TCO
 - Estimated cost for custom bank interfaces: \$50,000 each
 - Transaction settlement times reduced over 80%
 - Resource costs of over 50%

Best Practice Value Scenario

O&G – FINANCIAL CLOSURES

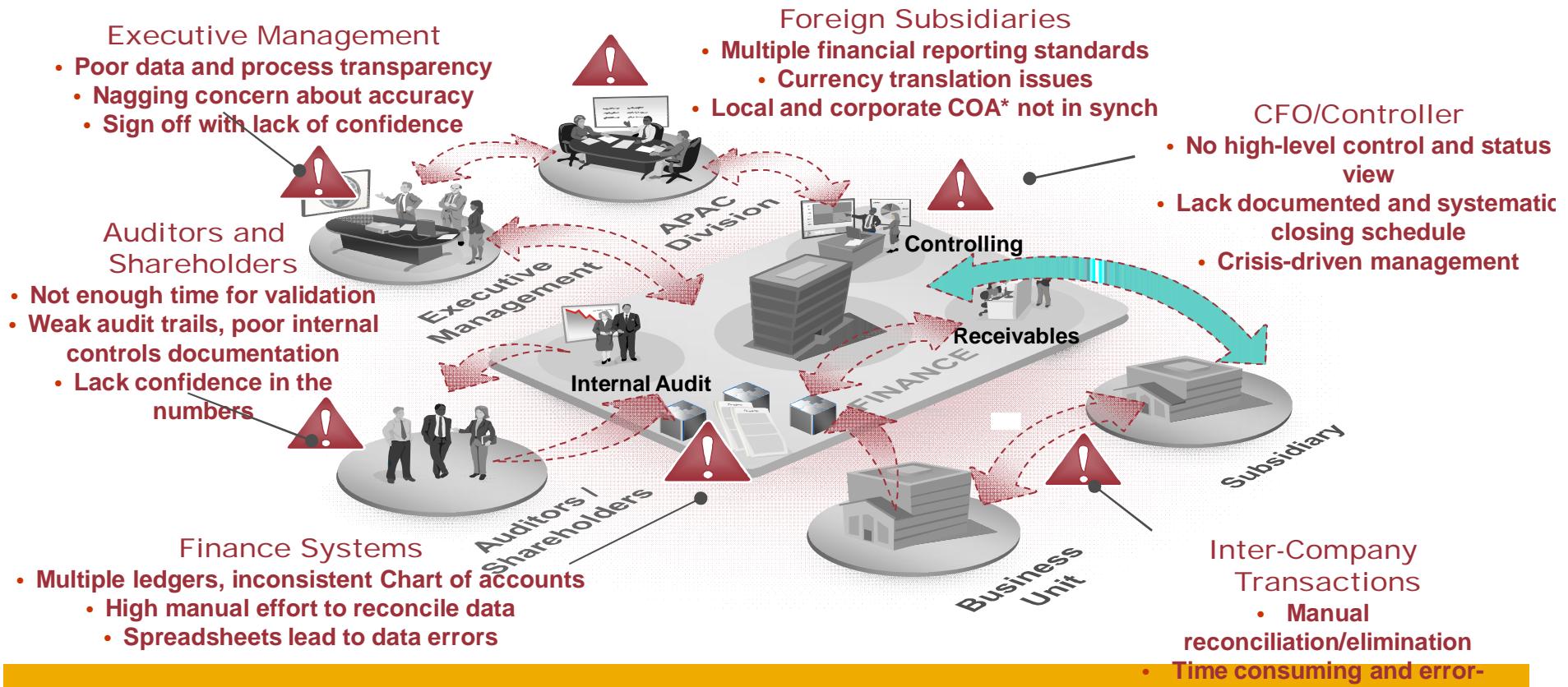


THE BEST-RUN BUSINESSES RUN SAP™



Inefficient Finance Processes

Drive Up Costs, Cycle Times and Errors



Complex organizations, disparate systems and poor coordination hamper reporting cycle

Compliance

Must meet strict filing deadlines, conformance with financial reporting standards while ensuring effectiveness of internal controls

Transparency

Accurate and auditable accounting transactions, centrally managed close process and more accurate financial reports.

Efficiency

Streamline close cycle, reduce errors and execute it with greater automation, fewer resources and lower costs

*COA=Chart of accounts

Why Focus in Finance Department Efficiency?

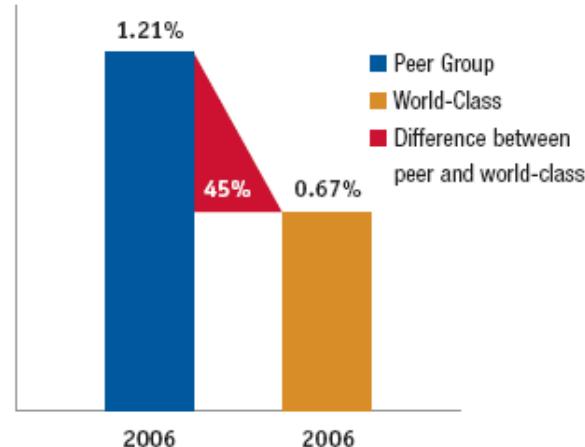
Lower costs, cycle times and resource demands



Finance departments still struggle with resource-intensive and high cost processes such as managing receivables, payables and the periodic financial reporting cycle.

The Difference Is Clear

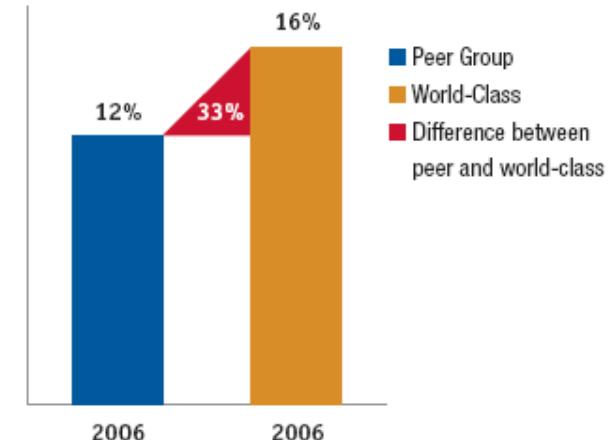
Total cost of finance as a percentage of revenue at world-class organizations is 45 percent lower than at typical companies.



Source: The Hackett Group

Closing the Books

While 12 percent of all typical companies close their books in three days or less, 16 percent of world-class firms achieve this goal.



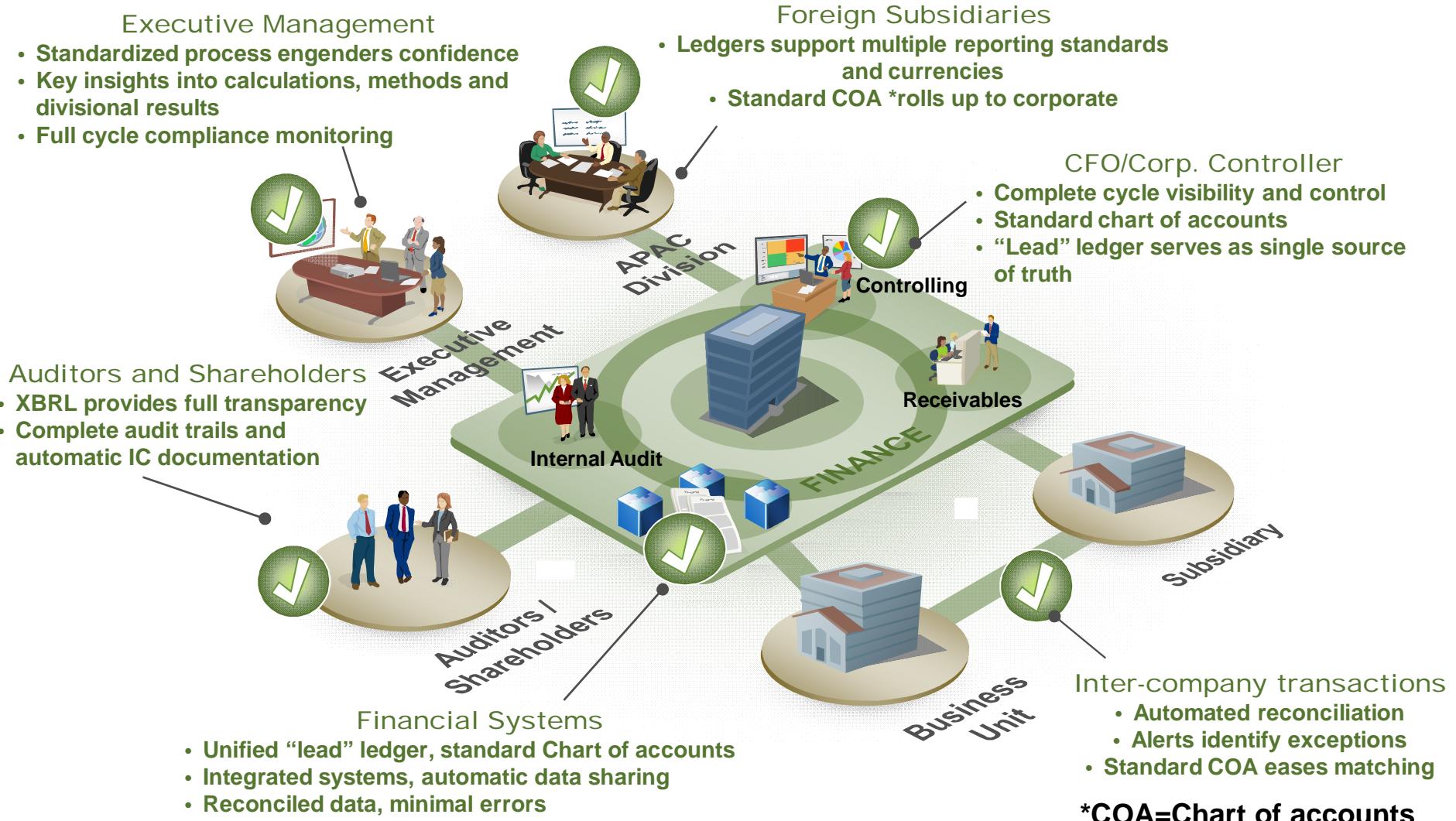
Source: The Hackett Group

World-class companies spend 45% less on their closing and reporting efforts than other companies and save \$5.5 million for every \$1B in revenue. Source: The Hackett Group

Increased reliance and process efficiency results in potential reduction of close cycle up to 20% Source: IDC

Streamlined and Flexible Financial Processes

Greater Accuracy, Faster Cycle Times, and Lower Costs



SAP enables a faster, more compliant enterprise financial close cycle by harmonizing people, systems and processes. Through robust automation, workflow, visibility and control and enhanced collaboration we help you reduce resource costs, enhance compliance and achieve greater reporting accuracy.

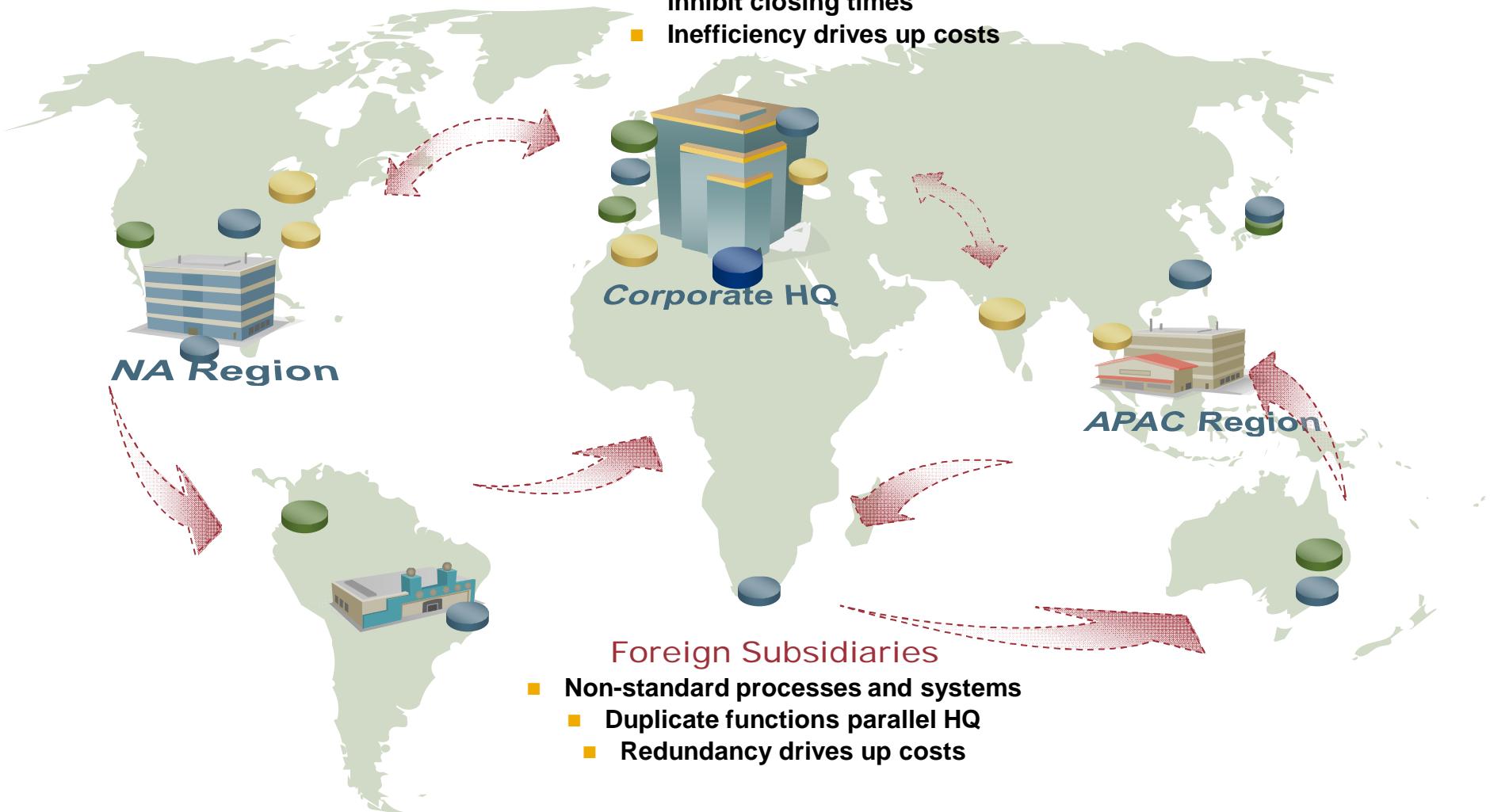
Organizational Inefficiencies

Redundancy and Misalignment Drive Up Costs



HQ/ Finance Department

- Non-standard processes and systems inhibit closing times
- Inefficiency drives up costs

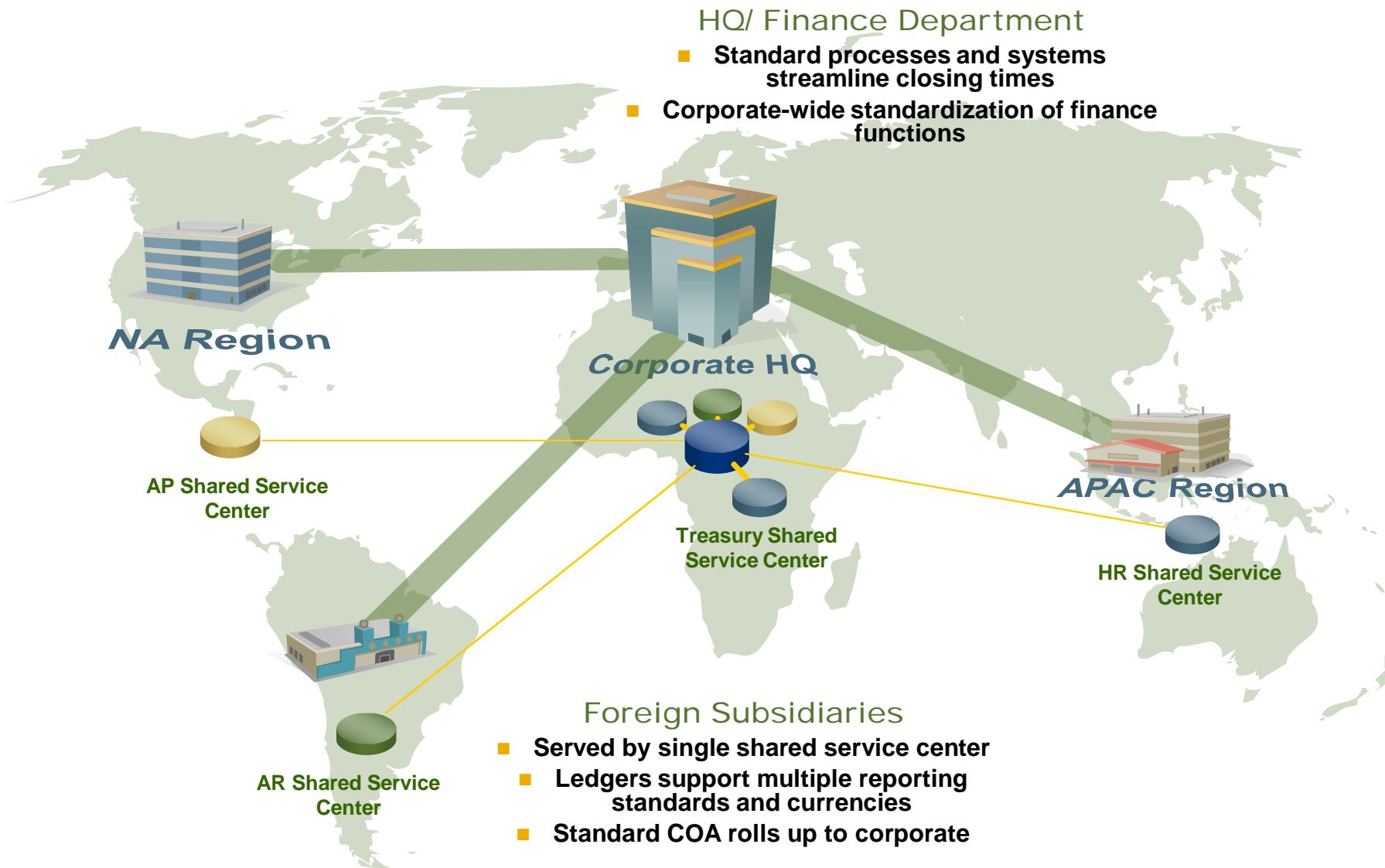


Foreign Subsidiaries

- Non-standard processes and systems
 - Duplicate functions parallel HQ
 - Redundancy drives up costs

Drive Efficiency, Cost Reductions and Responsiveness

Business Service Delivery via Shared-Services



Gaining Efficiency in Finance

Key Stakeholders & Objectives



Gaining Efficiency in Finance is achieved through aligning people and processes to achieve greater efficiency across key functions, lower costs and shorter cycle times



Accelerate Global Financial Closes

Operate Financial Shared Services

How can I achieve greater efficiencies across my finance department?

How do I streamline my financial reporting cycle and decrease resource demands?

How do I improve consistency, compliance and service levels while lowering costs?

- Length of close cycle
- Cost of finance as a % of revenue
- Staffing level per \$ billion in revenue
- Process quality

- Close cycle time (for annual, quarterly, or monthly close)
- Cost of Finance (as % of total revenue)
- Error rates (late filing, restatements, etc)

- Cost of Finance (as % of total revenue)
- Process efficiency (# invoices, collections, etc) processed per FTE
- Process quality (keeping SLA targets)

Goal: streamline financial processes and lower the cost of finance

Gaining Efficiency in Finance



CFO

Involves streamlining finance processes to make them more efficient, less time intensive and less costly to operate. Shared service deployment option enables further efficiency gains through economies of scale.



Controller



Head of Shared-Services

	Accelerate Global Financial Closes			Operate Financial Shared Services			
Local Finance Dept.	Scheduled local close	Inter-company reconciliations	Automated period-end accruals	Synchronized Local Close			
Controlling (Corporate HQ)	IFRS and GAAP standards	Close monitoring and scheduling	Automated consolidations		Accounting Interaction Center		
Accounts Receivable				Electronic Bill Presentment and Payment	Collections Management	Collaboration-driven Dispute Management	Accounts Receivable (w/Dispute and Collections)
Credit Department				Credit Management (Centralized)			
Accounts Payable				Accounts Payable	Invoice Management		
Treasury and Cash Mgmt.	Bank reconciliation and interest posting	Valuation and hedge accounting	Cash and Liquidity Management	Treasury and Risk Management	In-House Cash Management	Bank Communications Management	

Accelerated Global Financial Closes

Objectives, Issues, Capabilities & Benefits



Objective: Faster, reliable and more efficient financial close

Best Practice Solution: Increased automation and coordination of close cycle

Greater automation, collaboration and control help dramatically reduce the length of the closing cycle resulting in more time to review and validate data, greater accuracy, strengthened compliance, lower costs and resource demands and increase confidence in financial reports.

Issues	Key Business Capabilities	Benefits
<ul style="list-style-type: none">Companies must manually combine data from multiple operating units and disparate applicationsLack of standardized closing process all across operating units or reporting cyclesLack of collaboration and transparency slows down the process and negatively effects qualityLack easy-to-use and integrated financial consolidation and reporting applications	<ul style="list-style-type: none">Flexible financial sub-ledgers that support unique needs of business units and roll up to a single, lead general ledger<ul style="list-style-type: none">Repeatable, controlled, standardized and auditable closing process. Highly automated to improve collaboration and controlIntegrated, robust, enterprise scale consolidations and reporting solution which is designed for business users	<ul style="list-style-type: none">Improved cycle time, reduced time spent, gathering and reconciling data, coordinating tasks, correcting errors and number of auditing tasksLower resource costs, compliance costs and lower audit feesFewer manual errors and increased transparency to fix problems as early as possible in cycle

Accelerated Global Financial Closes



SAP Solution

Reconciliation of multiple sub-ledgers

Collaborative inter-company reconciliations

Automated accruals and journal entries

Multiple international reporting standards

Graphical closing task scheduling and monitoring

Robust enterprise consolidations and reporting

Automated internal controls monitoring

Financial instrument valuation and hedge accounting

- SAP ERP Financials
- SAP General Ledger
- SAP Inter-Company Reconciliation (local close)
- SAP Closing Cockpit and Central Process Scheduler
- SAP Business Objects Process Control
- SAP Business Objects Financial Consolidations
- SAP Business Objects Inter-Company Reconciliation (group close)
- SAP Business Planning and Consolidation
- Master Data Governance for SAP

SAP Differentiator: Coordinated Methods to Accelerate Financial Closes, Across All Your Systems

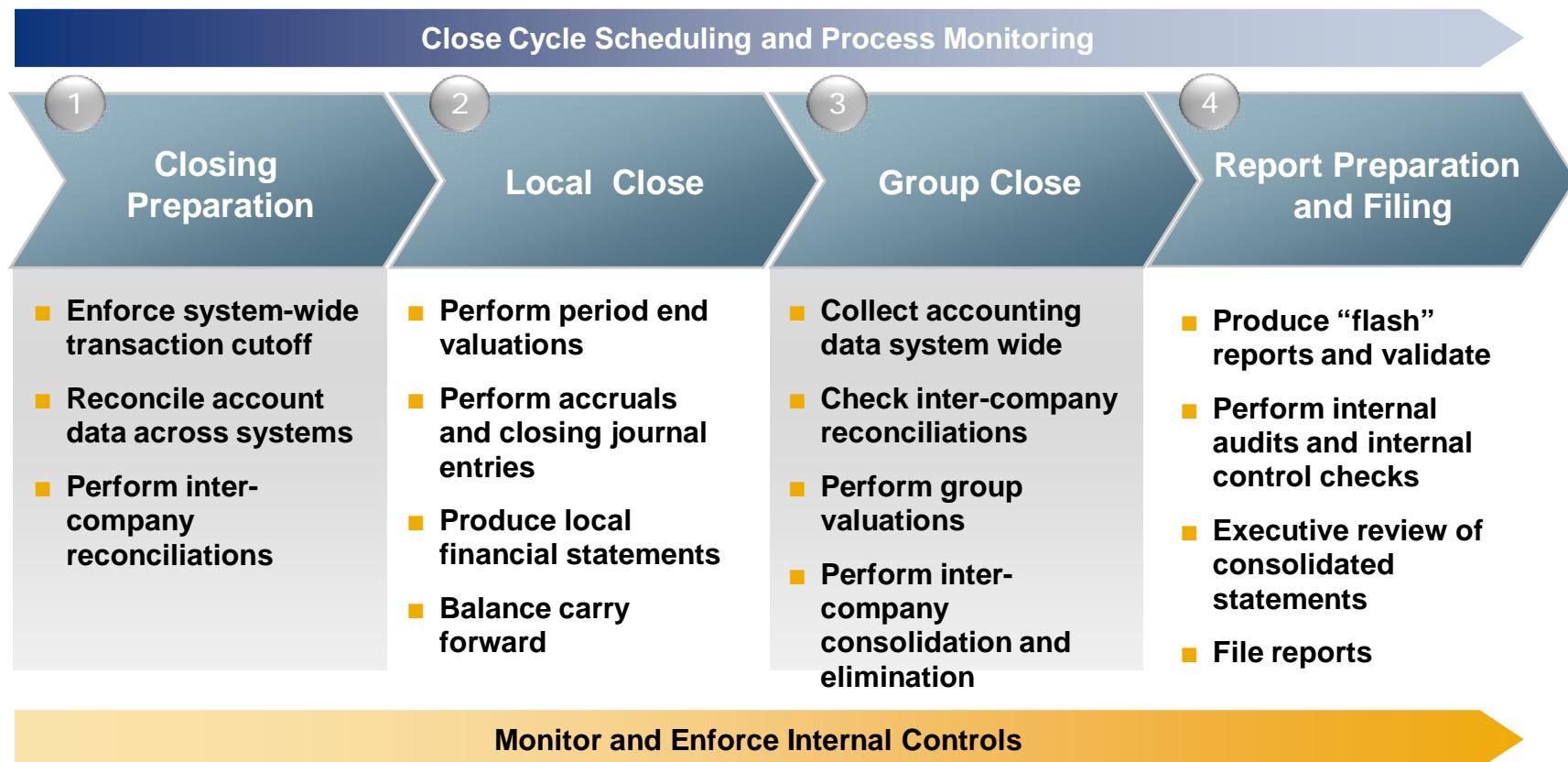
- Flexibility to support multiple system environments, flexible deployment option by region or process
- Ability to support multiple special ledger to lead ledger configuration which reduces reconciliation effort
- Automate period-end closing tasks such as accruals, closing entries and intra-company reconciliations
- Ability to run a standardized, repeatable close process and provide close cycle monitoring via web UI
- Ability to schedule and automate system and event-based tasks across SAP and non-SAP systems
- Robust, business user configurable enterprise financial consolidation and reporting capabilities
 - Manage and enforce internal controls throughout cycle

Financial Close Cycle



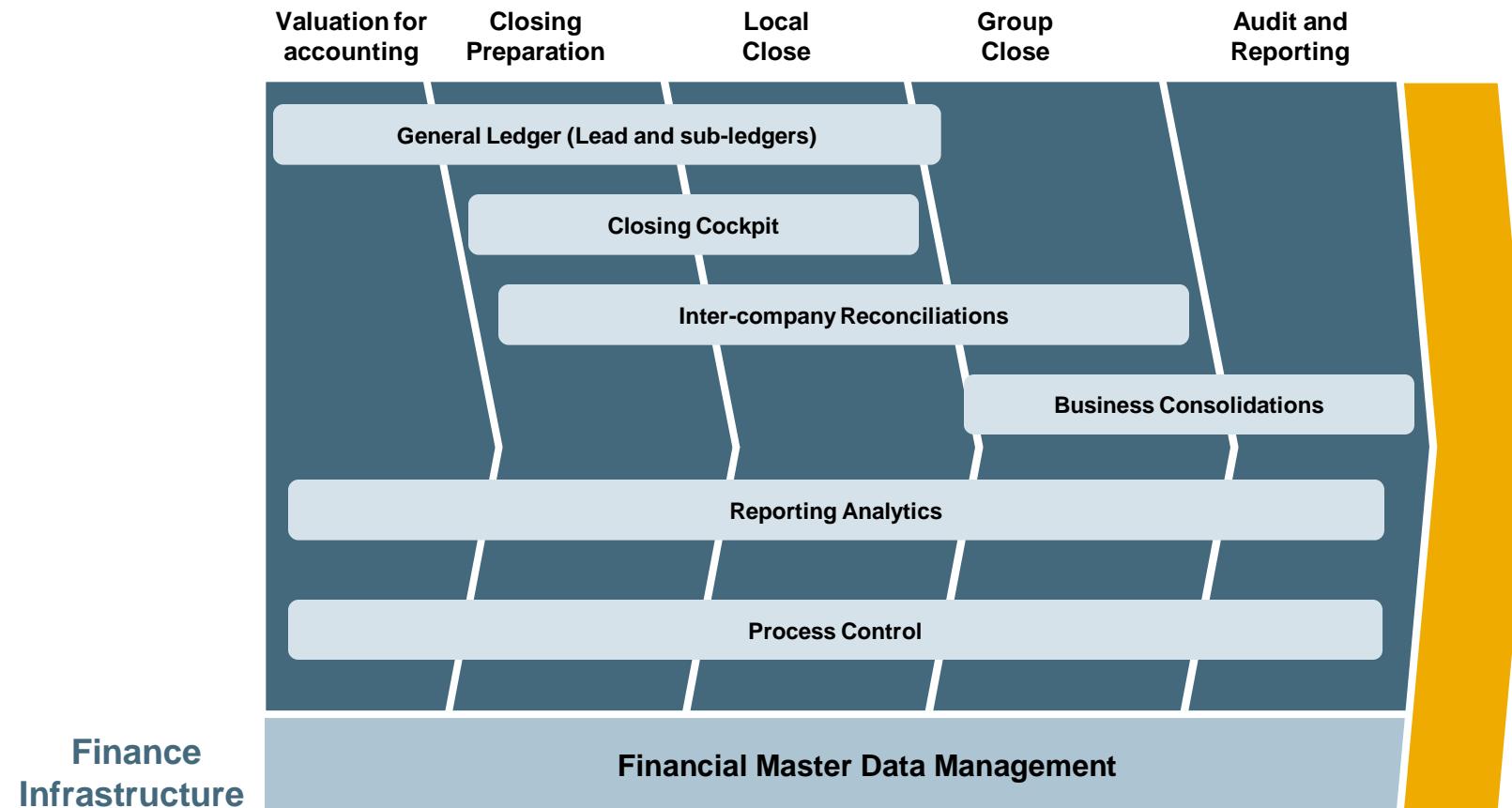
Comprehensive close cycle management provides all stakeholders a complete picture of individual tasks and dependencies to prepare financial transaction data for consolidated financial statement preparation

Process steps



End-to-end Financial Close Cycle Management

Automation, Control and Visualization



End-to-end best practices to streamline financial closes; coordinated processes across SAP and non-SAP systems

Financial Shared Services

Objectives, Issues, Capabilities & Benefits



Objective: Better quality at lower costs, greater process flexibility and business agility

Best Practice Solution: Optimize operations via shared-service centers

Shared service operations enable businesses to lower their operating costs, both by economy of scale as well as labor arbitrage. Consolidating support functions via shared service centers enables “Centers of Excellence” and better development and deployment of internal expertise and talent.

Issues
<ul style="list-style-type: none">▪ High costs of finance due to redundant functions across the enterprise.▪ Shared service centers do not provide expected pay-off because of inefficient processes▪ Economies of scale are not realized because of missing process standardization▪ Inability to measure the value provided by the shared services organization▪ “Gut feeling” in subsidiaries that everything worked better before transformation to shared services organization

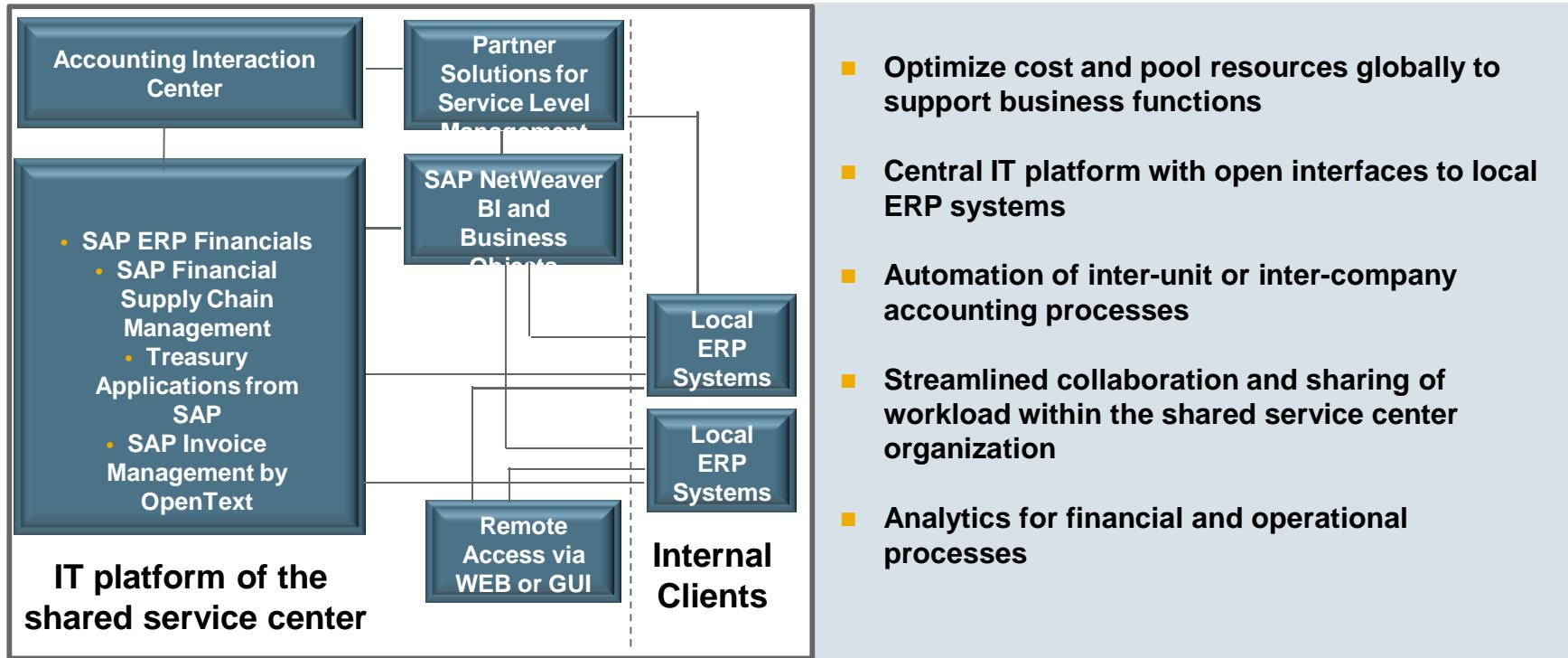
Key Business Capabilities
<ul style="list-style-type: none">▪ Centralized services and consistent processes▪ Internal “customer / provider” relationship with clear service level agreements and measurements▪ Centralizing skills across the enterprise in “Centers of Expertise”▪ Leveraging economies of scale by developing and applying best-practices across the organization▪ Leveraging economies of scope by resource pooling and flexible sharing across the organization▪ Maximizing return on IT investment by providing automated services to the whole enterprise

Benefits
<ul style="list-style-type: none">▪ Lower finance department operating costs. (wage-rate advantages, resource pooling, and economies of scale)▪ Fully measurable quality of service delivery▪ Professional development of business process expertise▪ Improved quality of finance processes due to sharing of best-practices

Financial Shared Services

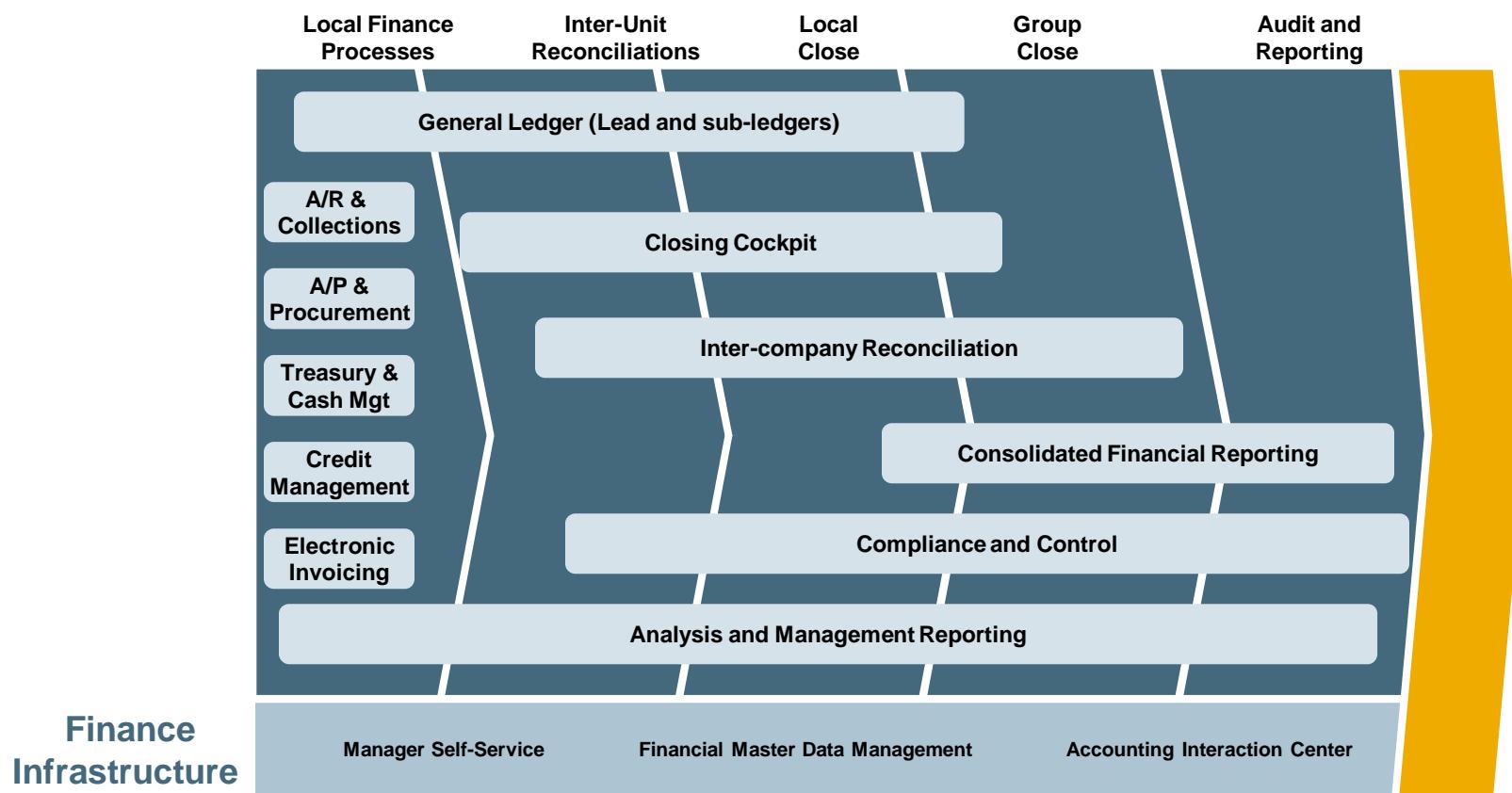


SAP Solution



Efficiently Operate Global Finance Organizations

SAP Enables Financial Shared Services



Save costs, use best practices and manage complex global financial organizations via shared-services

Best Practice Value Scenario

O&G – FINANCIAL ANALYTICS



THE BEST-RUN BUSINESSES RUN SAP™



Lack of Accurate Insight Impairing Business Performance



Lack of timely, accurate financial information, analysis and alignment of strategy negatively impacts corporate performance and shareholder value

Executive Management

- Inability to cascade strategy across organization
- Concern about information accuracy and timeliness
 - Impeded speed of decision-making



Executive Management

CFO / Finance

- Fragmented planning and forecasting inhibits alignment, accuracy and transparency
- Lack of visibility into true cost impacts profitability
- Long cycles inhibit forward-looking analysis



FINANCE

Marketing Management

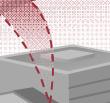
- Concerns around profitability of markets, customers and products
- Misalignment of resources against corporate strategy
- Lack of analysis leads to poor decision-making



Marketing

Procurement

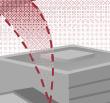
- Fragmented buying data
- Multiple purchasing groups
- Limited insight into spend cost



Production

Production / Operations Management

- Inaccurate planning and forecasting
- Cost-to-serve and procurement costing issues
- Misalignment of resources against corporate strategy

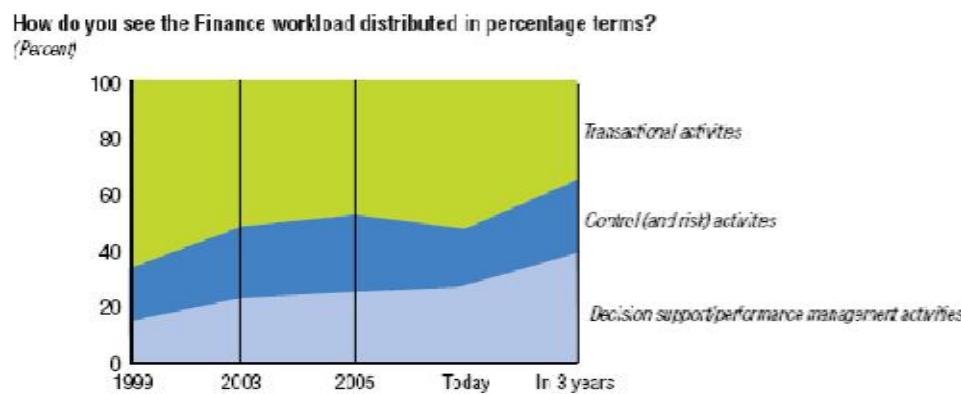


Operations

Industry Data Confirms CFO Challenges



Source: CFO Europe Research Services 2008



Source: IBM Global Business Services, The Global CFO Study 2008.

"Defects and breakdowns in planning and execution cited as primary contributing factors to value destruction".

-Harvard Business Review: "Turning Great Strategy into Great Performance"

- **Average companies spend more than half (51%) of all time gathering and rekeying data in a typical planning environment.**

- **Average companies spend only 16% of their time in the value added activities of explaining the "why," and exploring the "what if."**

- **High performing companies spend 13% of their time on information gathering and 87% analyzing it**

-The Hackett Group

- **Nearly 90% of respondents in a recent IDC survey cited the need for improved profitability reporting and accuracy as an urgent issue.**

-IDC

What does this mean for your business?



Top executive issues

- **How do I cascade strategy across all levels of the organization?**
- **How do I overcome my lack of accurate costing information and grow profitability?**
- **How do I accelerate the speed of decision making within our organization?**
- **How do I improve accuracy and reduce inefficient and time-consuming forecasting and planning cycles?**



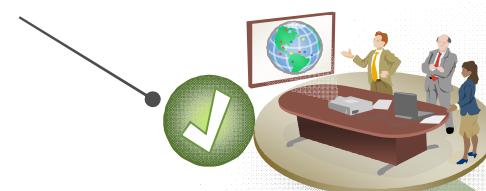
Improved Insight Drives Smart Decisions



Accurate insight into costing, improved financial planning and forecasting, timely finance reporting and analysis and the ability to link strategy to execution drives strategy and growth.

Executive Management

- Cascading strategy throughout organization
 - Accurate, timely, pertinent information
 - Accelerated decision-making



Marketing Management

- Focus on profitable markets, customers and products
- Resources aligned with strategy and profitable targets
- **Rapid, logical decision-making**



Finance

CFO/Corp. Controller

- Accurate collaborative forecasting and planning
- Visibility and transparency into cost drivers and profitability
- Time for forward-looking business analysis and recommendations



Operations

Procurement

- Single view of purchase data
- Increased procurement efficiency
- Rationalize suppliers & spend



Production

Production / Operations Management

- Collaborative planning and forecasting
 - Understanding of cost drivers and profitability
- Alignment of resources with corporate



Aligning stakeholders Drive Strategy and Profitable Growth



CFO

CFO

How do I overcome a lack of accurate insight?

- Cascade strategy across the organization
- Grow profitability
- Accelerate speed of decision making
- Improve accuracy and reduce inefficient forecasting and planning cycles

Driving Strategy and Growth requires alignment across the organization and is led by Finance



Finance

Profitability Management

How do I overcome inaccurate costing and grow profitability?

- Increase profitability in markets, channels and customers
- Improve cost drivers of cost-to-serve processes
- Drive profitable resource allocation
- Improve margin & market valuation



Finance

Planning and Forecasting

How do I improve my forecast accuracy and time for forward-looking analysis?

- Drive improvement in collaborative year-over-year accuracy.
- Reduce budget cycle times
 - Reduce historic reporting cycle times

Profitability Management

Objectives, issues, capabilities and benefits



Objective:

Action-oriented insight into costs and profitability

Best practice solution:

Companies have better insight into the drivers of costs and profitability and can rapidly assess the impact of various scenarios to improve their financial performance.

Issues

- Poor insight into costs and profitability leads to uninformed decisions
- Companies lacking accurate cost-to-serve driver costs
- Misalignment of resources
 - Companies with lower profitability have lower market capitalization and shareholder value

Key business capabilities

- Regular, detailed and reliable reporting of cost and profitability
- Accurate costing of processes, markets, customers and product investments and shared services allotments and allocations
- Scenario modeling involving products, customers, channels and resources
- Accurate costing and allocation of resources

Benefits

- Improved and quicker decision making
- Insight into how possible decisions impact present and future costs via "what-if" scenarios
- Maximize corporate profitability that maximize market capitalization and shareholder value

SAP Solutions

Product,
market, &
customer
profitability

Cost-to-serve
analysis

Align &
cascade
strategy across
the

IT costing and
shared services
invoicing

Analyze
procurement
spend

ERP product
costing
analysis

- **Business Objects Profitability and Cost Management**
- **SAP Strategy Management**
- **SAP Spend Analytics**
- **SAP ERP Financials – Profitability Analysis**

SAP Differentiators

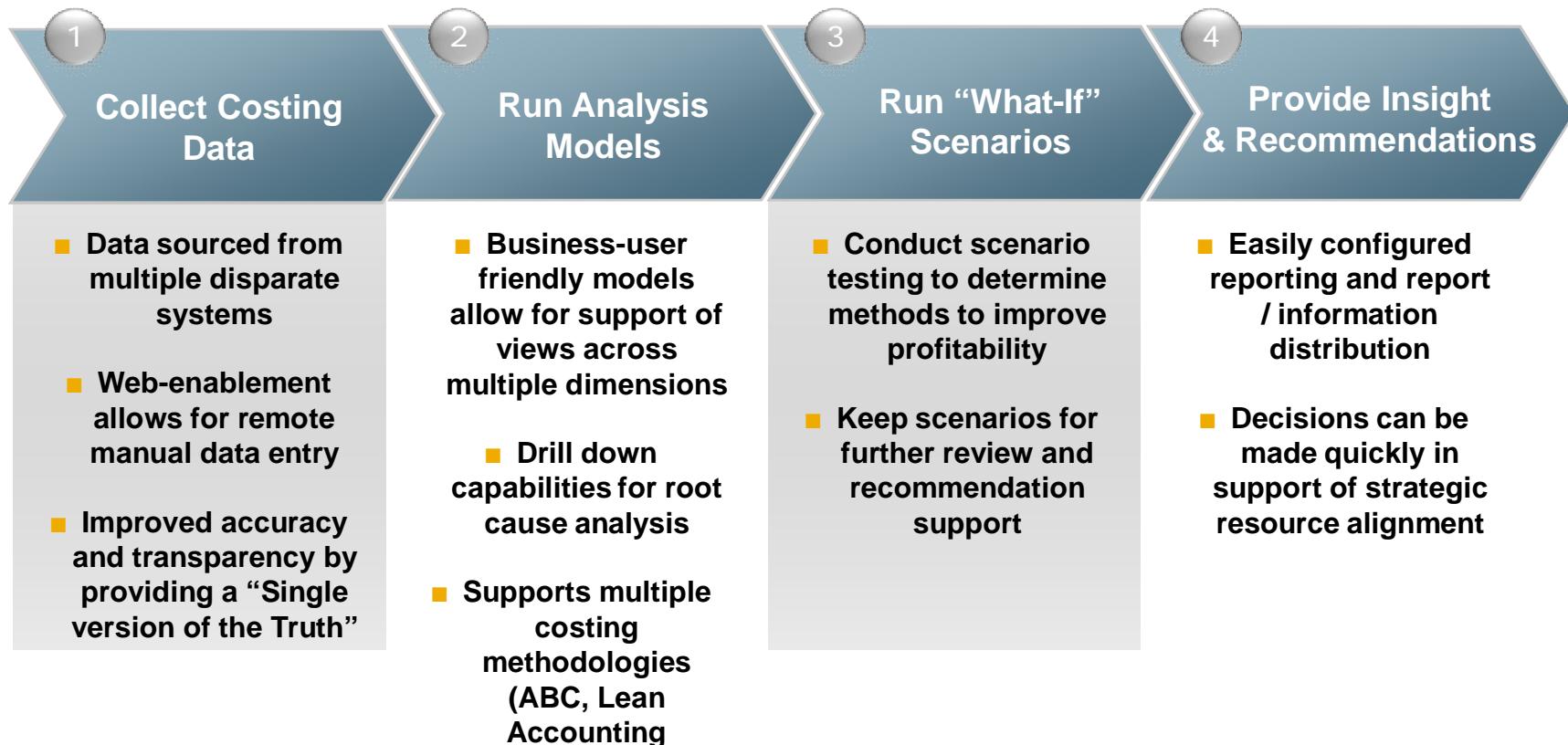
- Rapid model building with minimum input for maximum output - with web based data entry that minimizes the cost of collecting non-system driver data
- Fully integrated services costing and cross charging for costing shared services and invoicing
- Ability to deploy driver-based or activity-based planning models for “What-if” scenario modeling
- Comprehensive procurement analytics provides visibility purchasing and drives alignment with procurement goals
- Cascade and align strategy across the organization

Product, Market and Customer Profitability Analysis



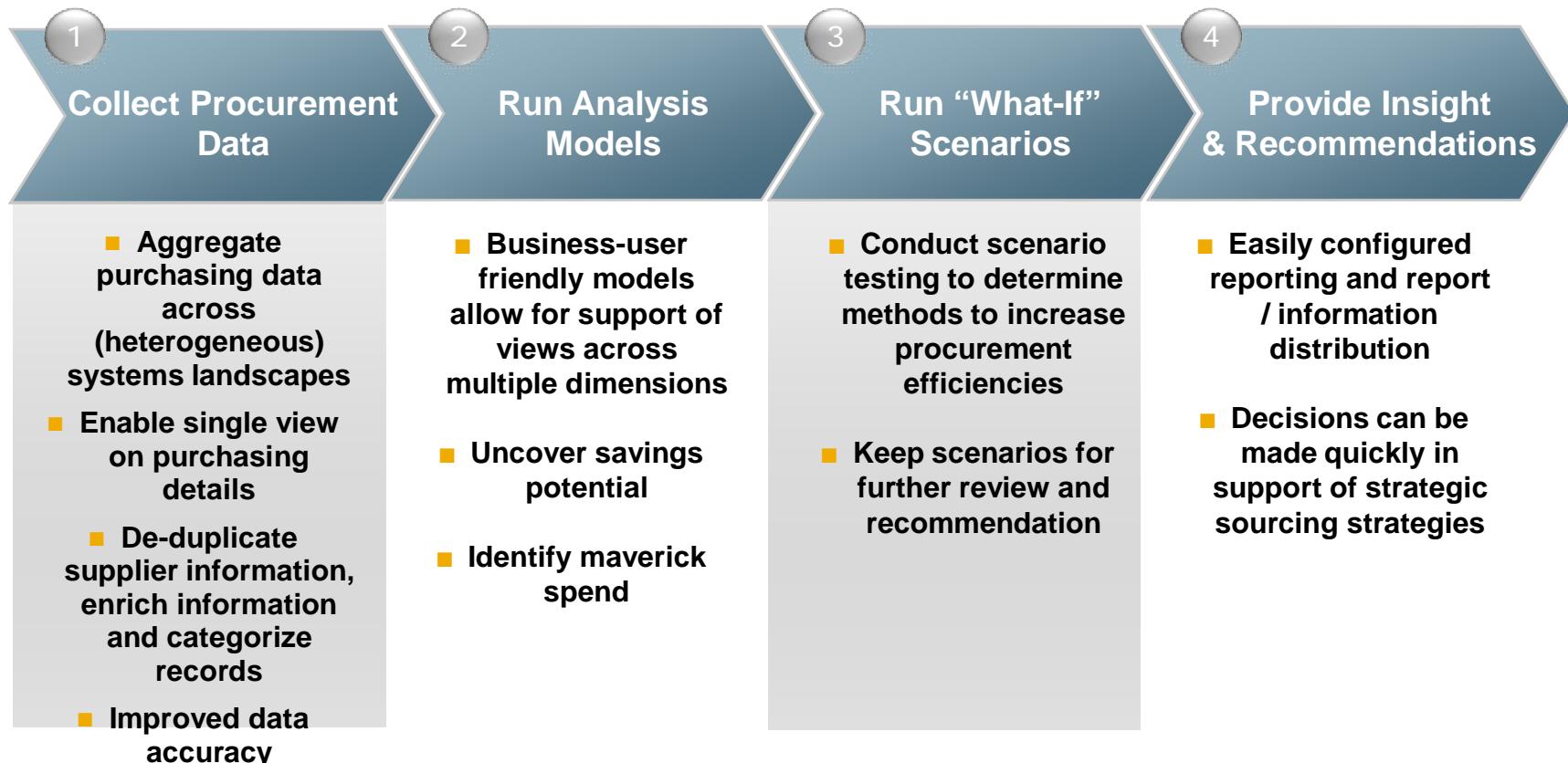
Product, Market and Customer Analysis provides insight into profitability, creation of strategy to improve unprofitable situations and enabling strategy resource alignment.

Process overview



Spend / Procurement Analysis helps procurement personnel realize measurable cost savings and align sourcing strategies with organizational.

Process overview



Align & Cascade Strategy across Organization



Aligning and Cascading Strategy empowers business users at all levels to rapidly align resources to execute on strategies, understand risk, and drive effectiveness

Process overview



Planning and Forecasting

Objectives, issues, capabilities and benefits



Objective:

Increased forecasting accuracy and reduced planning cycle times

Best practice solution:

Allow companies to better manage resources and adjust to changing market conditions so as to maximize business opportunity.

Issues

- Poor alignment of financial and operational goals with strategic business objectives
- Long process that cuts into company productivity
- Accuracy and transparency issues can lead to restatement
 - Time-consuming transactional and reporting activities

Key business capabilities

- Identify and adjust resources to capitalize on areas of profitability
- Quicker information allowing resources to add value
- Unified application with high data quality and transparency
- Identify and capitalize on growth opportunities

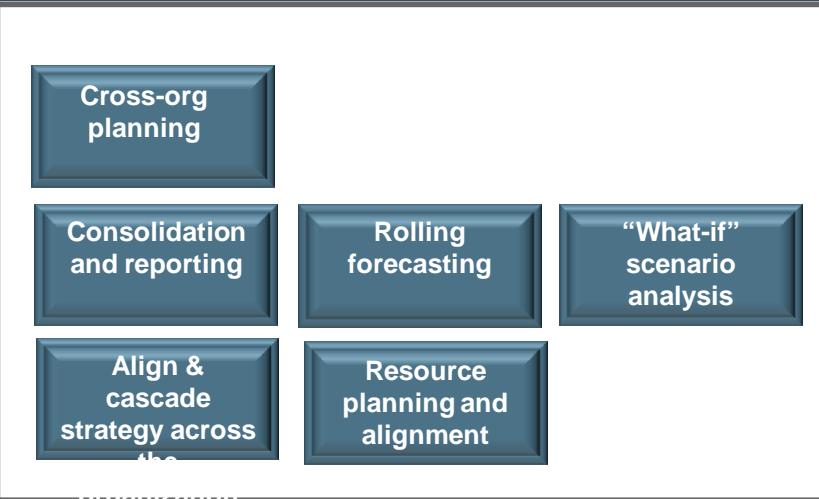
Benefits

- Improves balance sheet and drives growth
- Drives additional margin to the bottom line
- Reduction in audit conflict/cost and faster delivery of required reporting
- Better insight and corporate financial performance

Planning and Forecasting



SAP Solutions



- **SAP Business Planning and Consolidation**
 - SAP Strategy Management
 - SAP ERP Financials

SAP Differentiators

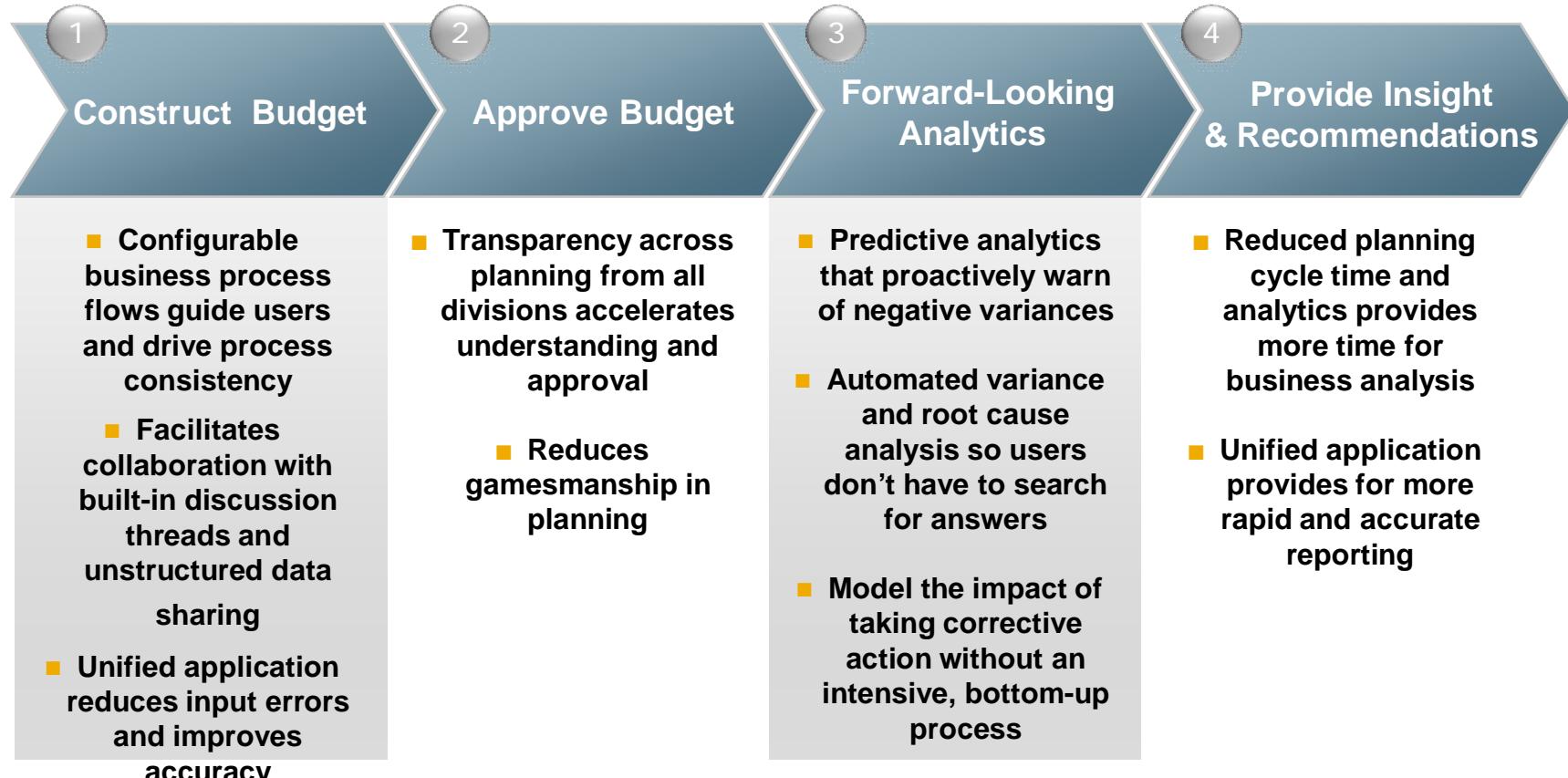
- Cross-organization planning that is based on financial and operational business
- Enables logical planning process with input for all departments for top-down and bottom up planning
 - Customizable business flow follows process and accelerates completion
 - Unified integrated applications provide improved data integrity.
 - Predictive analytics warn of variances against stated KPIs
 - Planning and consolidation unified in a single solution
- Cascade and align strategy and resources across the organization

Collaborative Planning



Collaborative Planning improves productivity by streamlining the bottom-up and top-down financial and operational planning process.

Process overview

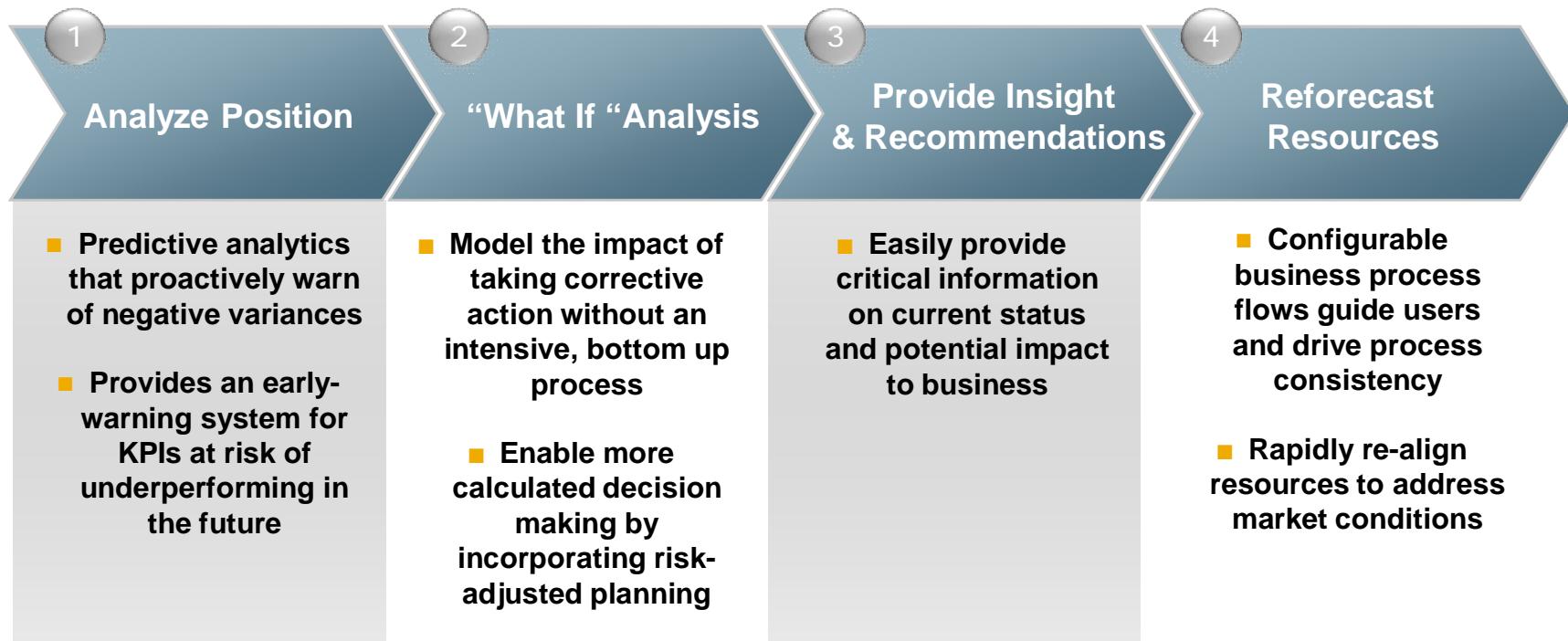


Rolling Re-forecasting



Rolling Re-forecasting provides the agility to rapidly adapt budget resources to take advantage of changes market conditions and business opportunities.

Process overview



Improve Consolidation and Compliance



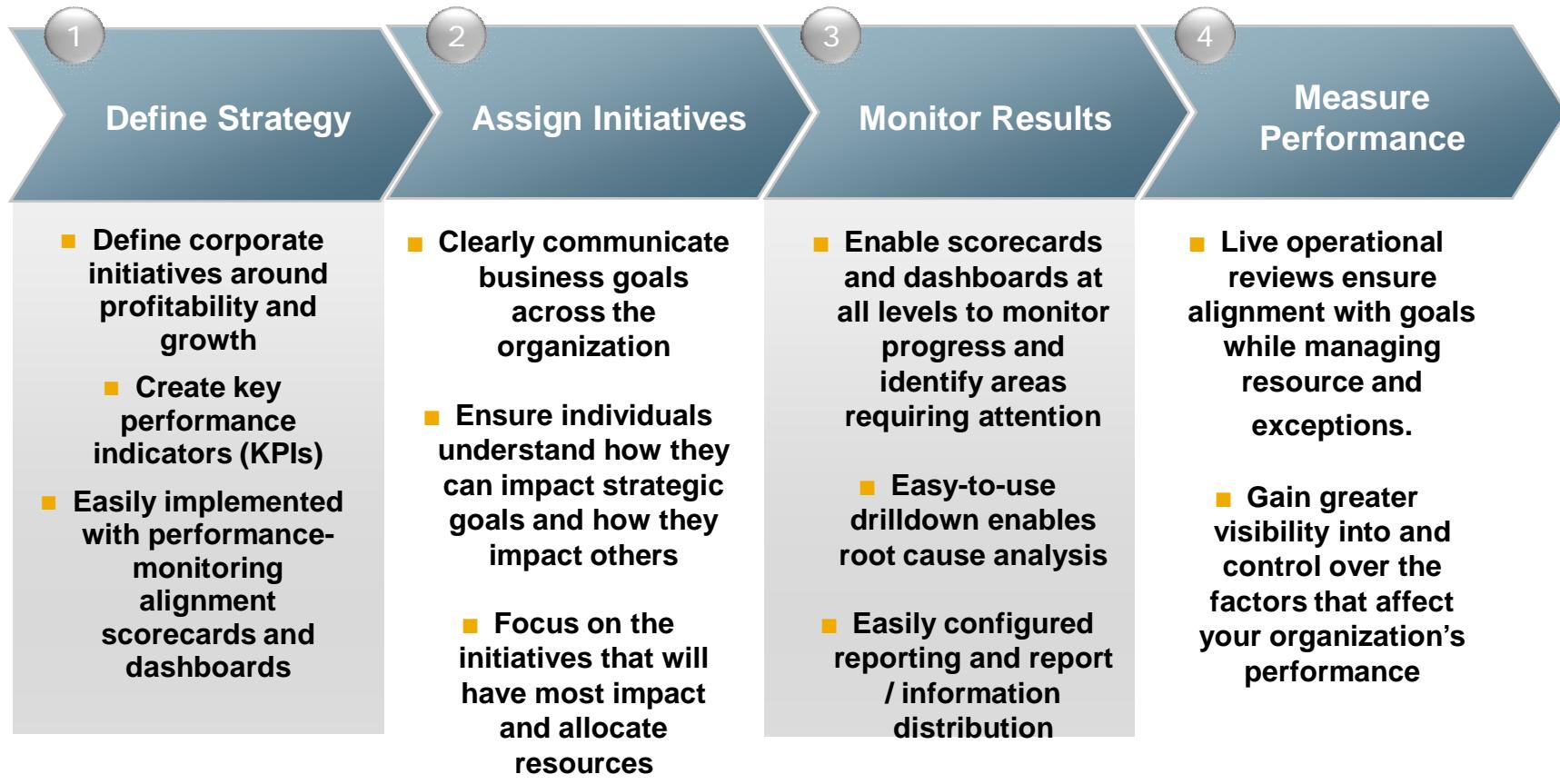
Improve Consolidation and Compliance allows Finance to improve management reporting cycle times for the enterprise, driving compliance with regulatory and financial standards, helping reduce external audit costs.

Process overview



Aligning and Cascading Strategy empowers business users at all levels to rapidly align resources to execute on strategies, understand risk, and drive effectiveness

Process overview



Best Practice Value Scenario

O&G – CONSOLIDATION & STRATEGIC IT GOVERNANCE



THE BEST-RUN BUSINESSES RUN SAP™



The Role of IT is Becoming More Complex

IT and Business Alignment is a Top Concern



Existing IT Landscape



- Accumulated systems and applications have led to complex heterogeneous, distributed IT landscapes
- IT increasingly needs to address business and stakeholder requirements to maximize profitability and mitigate business and compliance risk

What Does This Mean for Your Business?

How Does this Impact IT?



Top issues

- How do I simplify operations and reduce cost?
- How do I improve business insight and decision making?
- How do I ensure IT execution aligned with strategic business objectives?
- How do I implement compliance, maintain security, and manage risk?

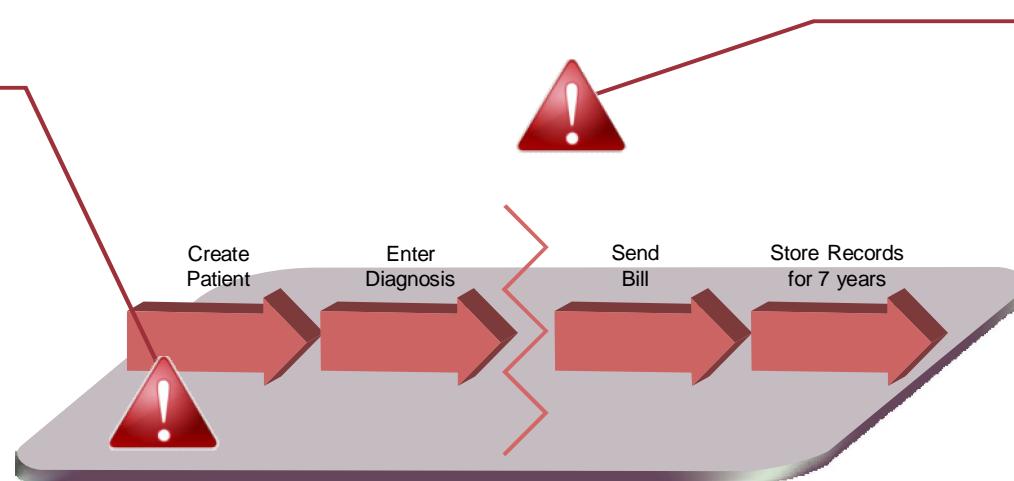
Highly Complex IT Environments

Impede Business Performance and Agility



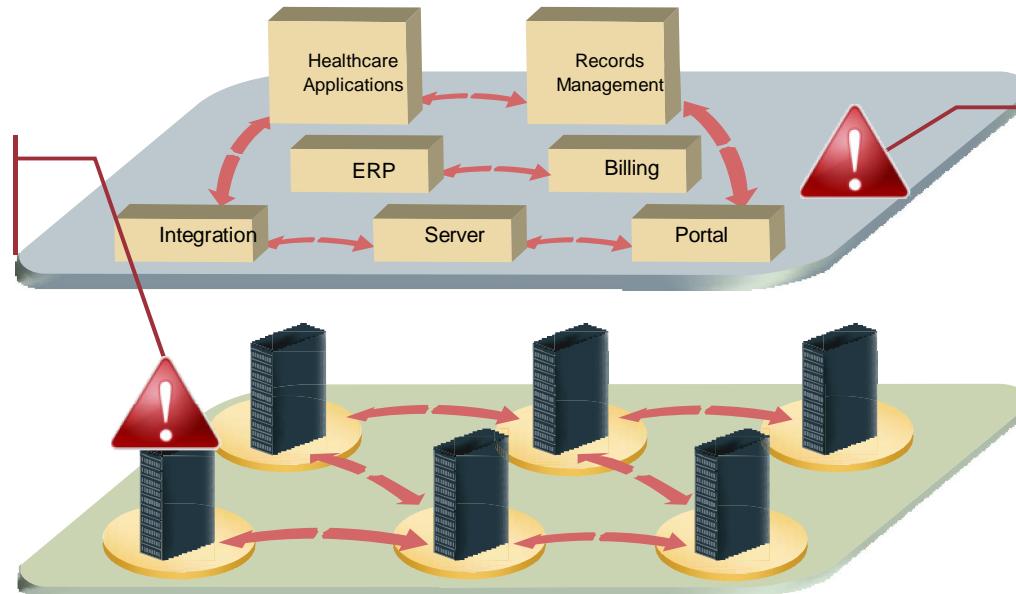
Misaligned and inflexible processes

- Lack of alignment between business needs and IT resources
- Struggle to maintain existing business processes and innovate new ones at the same time



Huge investments in disjointed technology and business processes

- Costly to integrate & maintain systems
- Resources tied up to manage the complex environment



Fragmented and manual GRC processes

- Lack of system-wide governance and security
- True risk is being obscured

Unreliable information

- Incomplete or out-of-date data; data from multiple non-integrated systems of record
- Unreliable tracking of IT spend

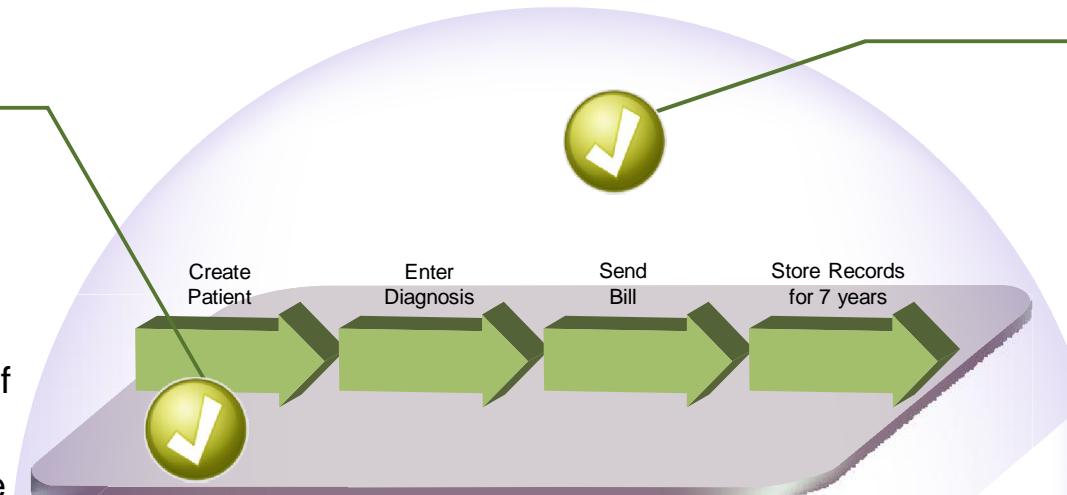
Consolidate and Govern the IT Environment

With a unified Business Process Platform



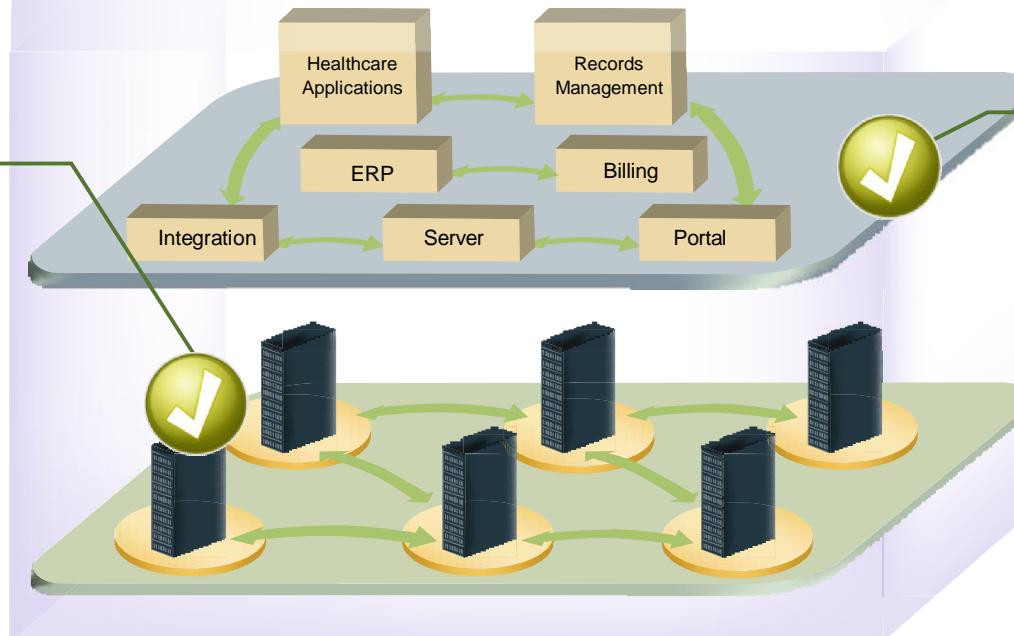
End-to-end process optimization

- Improved business agility and speed of innovation
- Improved execution of critical business processes
- Increased competitive responsiveness



Simplified IT environment

- Improved process integration
- Lower cost
- Better resource utilization



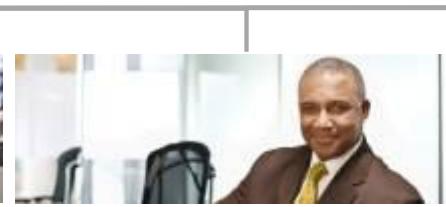
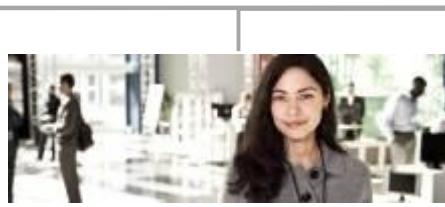
Clear, governance, risk, and compliance plan

- Better process control across the value chain
- Greater security and protection of assets
- Increase stakeholder value

Improved performance and information management

- Improved business insight and decision making
- More effective use of IT resources
- Improved delivery of IT services

Strategic IT: Consolidate & Govern IT



Consolidate the system landscape and accelerate adoption of business innovation

Consolidate and harmonize enterprise data

Implement IT governance to enhance visibility and ensure business alignment

Strengthen enterprise governance to ensure compliance, maintain security and manage risk

Reduced cost and improved competitive responsiveness and innovation

Ensure reliable data to deliver business insight and support effective decision making

Effective IT management and delivery of strategic objectives

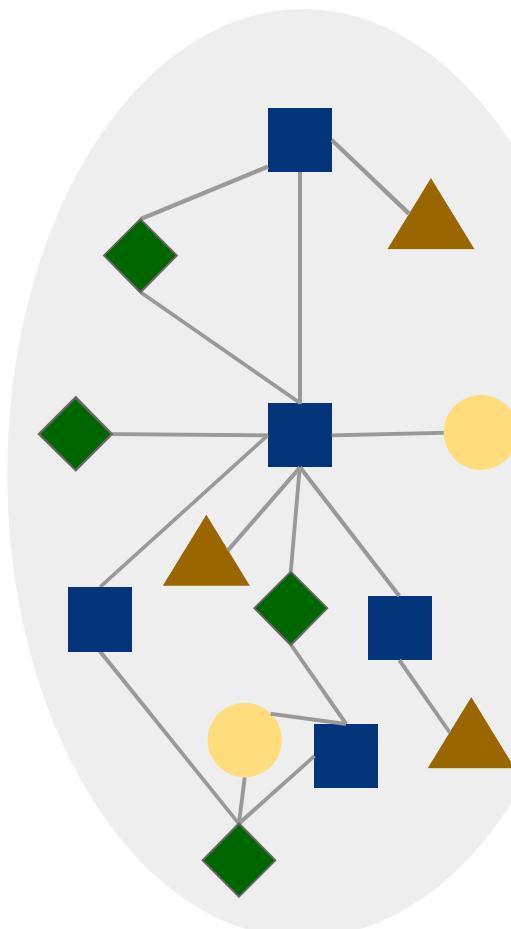
Effective management of risks to ensure compliance and increase stakeholder value

System Landscape Optimization

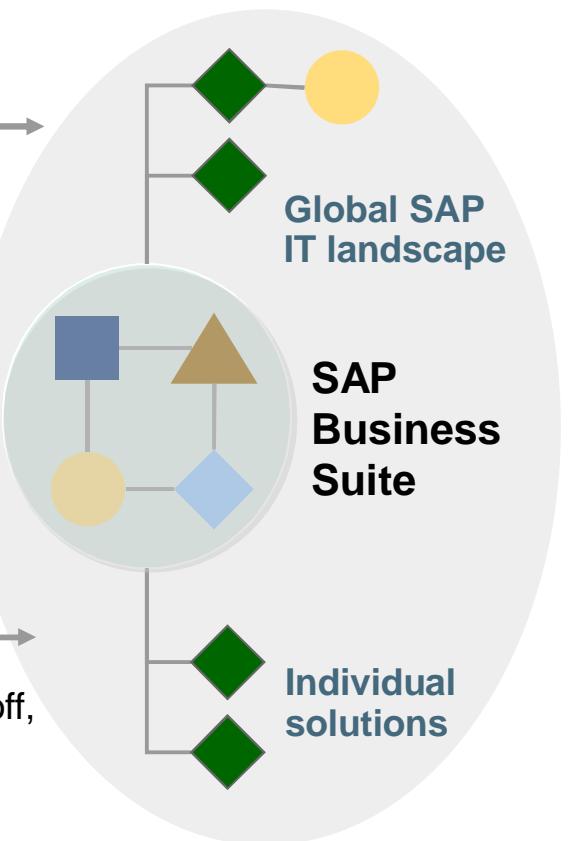
Business Scenarios for Consolidation



As-is situation



Vision



Company integration

e. g. acquisition, joint venture

Business process optimization

Adapt processes in SAP system

Company reorganization

Change org. units in SAP accordingly

Company divestiture

e. g. business area will be organized as independent company, subsidiary is spun off, part of company will be sold

SAP R/3

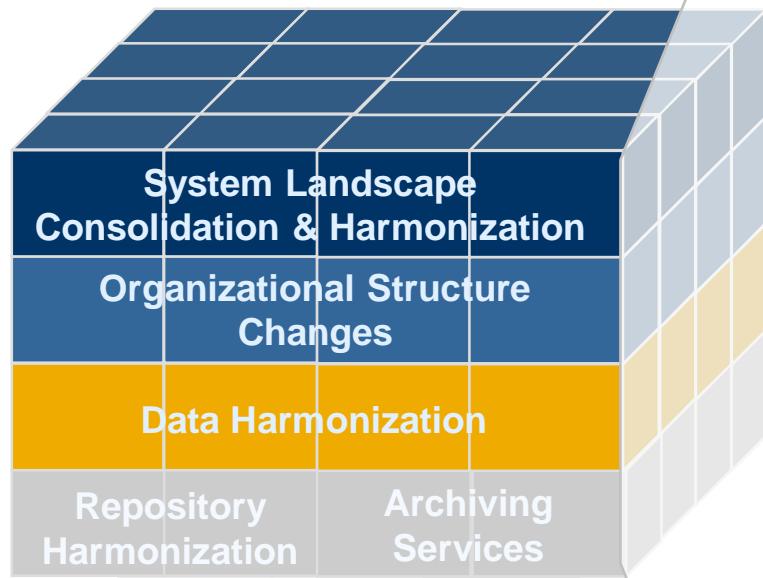
SAP CRM/SRM

SAP BW

SAP APO

SAP System Landscape Optimization (SLO)

Pre-defined services for typical business scenarios



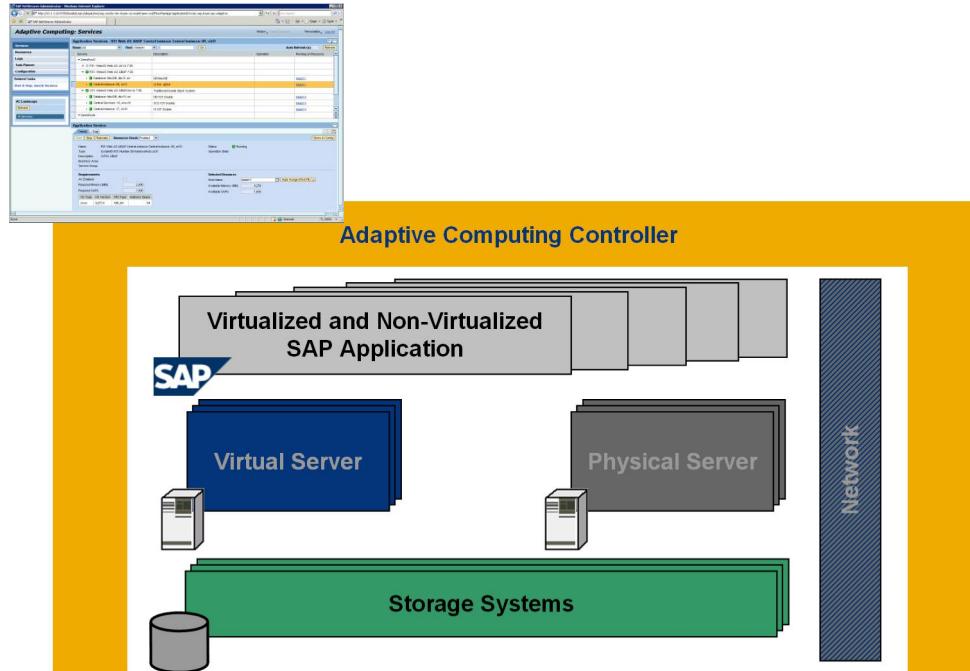
Methodology and best practices

- Standardized project approach (templates, plans)
- Project guidance
- Full service packages (from planning to implementation)
- Long-standing project experience
- Extensive knowledge base delivered via content packages
- Configurable, extendable solutions for new requirements

SLO technologies

- SLO content warehouse
- Conversion technology
- Migration technology
- Upgrade technology

SAP NetWeaver Adaptive Computing Controller (ACC)



Adaptive Computing Controller

- Integrates IT-infrastructure components on all levels
- Operate virtual and physical IT- resources
- Hide complex landscapes with the help of the Adaptive Computing Controller

Features and Functions:

- SAP System management (start / stop / relocate application services)
- Resource management of physical and virtual servers
- Mass operations
- Observing
- Soon available: mgmt. integration of 3rd party hypervisor virtualization

Enhancement Packages from SAP

Ensure Stability, While Innovating at Your Own Pace



INNOVATION

- Easy introduction of new processes
- Fast, tailored support of processes, when required
- Support new user groups

STABILITY

- Stay compliant
- Support core processes
- Use a stable technology platform
- Standardized maintenance schedule

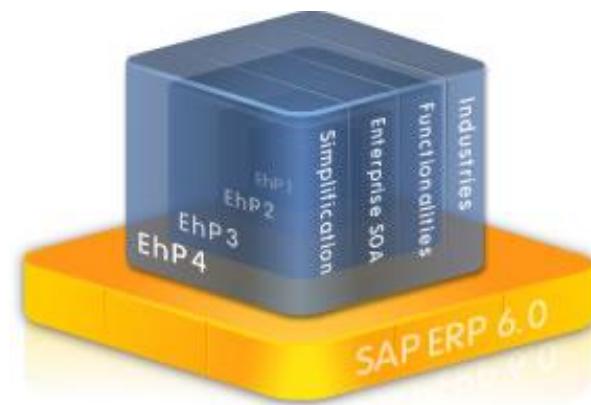


The answer:

SAP enhancement packages

Business Driven Enhancements by **CHOICE**:

- Flexibility to implement new and enhanced processes and scenarios
- Switch framework provides the flexibility to activate only the needed functionality
- Support packages contain only corrections and legal changes



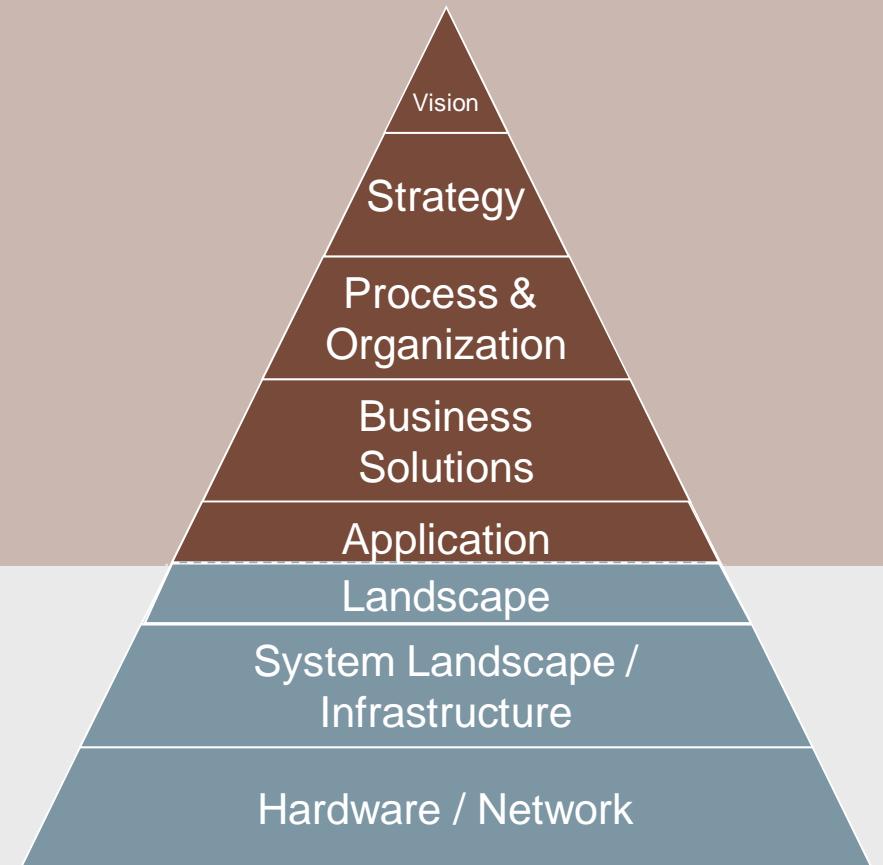
CEO challenges

- Adapt to changing market requirements
- Identify and pursue growth opportunities in emerging markets
- Foster innovation
- Increase customer orientation
- Maintain tight control on cost
- Attract and retain the right talent

CIO challenges

- Integrate and improve systems and processes
- Align IT strategy with business objectives
- Increase business efficiency through IT-enabled process improvement
- Re-design and streamline the IT architecture
- Control and reallocate IT cost
- Business Network Transformation

SAP Business Transformation Consulting Service Focus



SAP's Open Platform

Optimize Efficiency Across an open business process platform



Solutions that give SAP customers choice
OPEN SOURCE

Flexibility in IT infrastructure
Leverage community innovation

Driving convergence of semantics across and within industries
BUSINESS STANDARDS
Reduce the cost of building business networks

Enabling platform Interoperability
TECHNOLOGY STANDARDS
Agile SOA development
Lower TCO

Allows enterprise readiness through optimized IT, adaptable processes, scalability, and reliability

SAP Business Objects BI and IM Solutions

Integrate Data from SAP and Non-SAP Sources



Intelligence platform

Business intelligence

Query, reporting,
and analysis

Dashboards and
visualization

Search and
navigation

Advanced
analytics

Information management

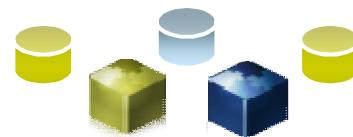
Data
integration

Data quality
management

Master data
management

Metadata
management

Text
analysis



**Business applications
and structured data**



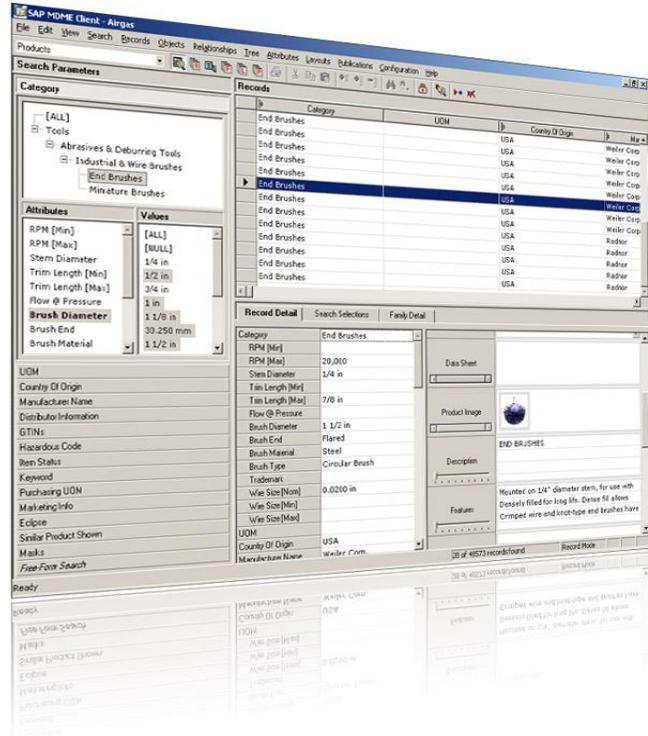
**Unstructured
data**



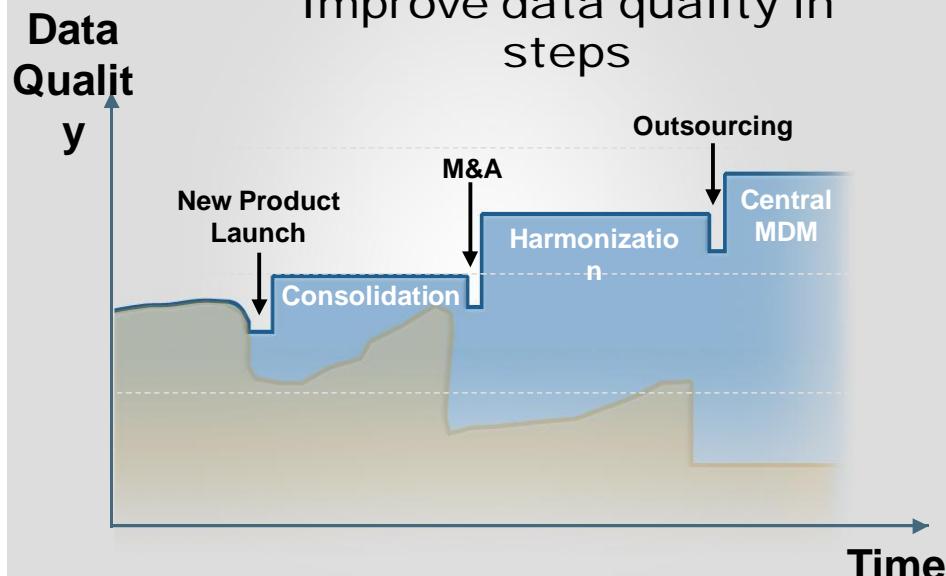
**Cloud
data**

SAP NetWeaver Master Data Management

Consolidate, harmonize and manage data across systems



Master Data Management
Improve data quality in steps



Consolidation
Ensure consistent master data across systems

Harmonization
Cleanse and distribute across entire landscape

Central Management
Create consistent master data from the start, centrally

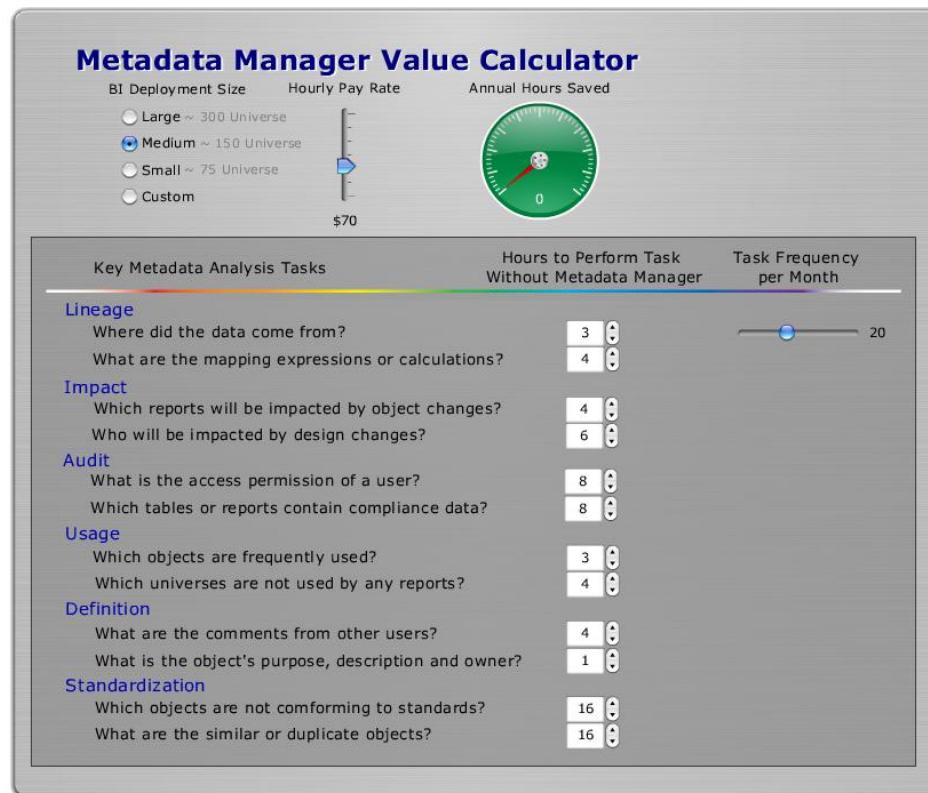
SAP BusinessObjects Metadata Management

Consolidate, integrate, audit and trust metadata



SAP BusinessObjects Metadata Management overcomes the difficulties of managing metadata from various data sources, technologies and systems.

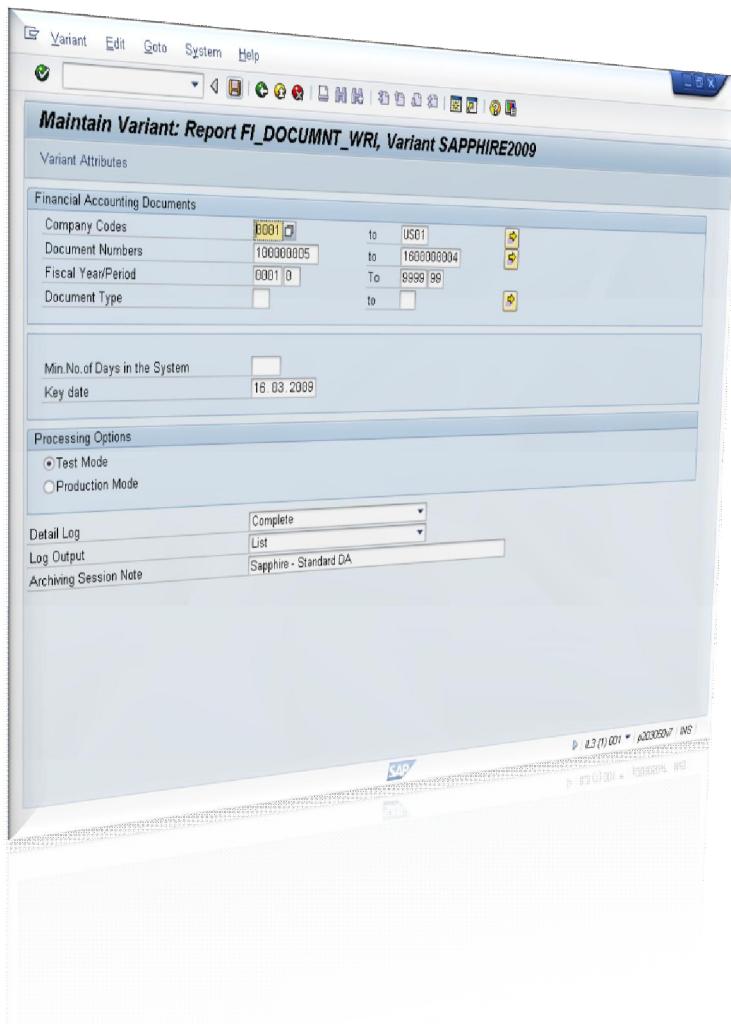
It consolidates and integrates metadata into an open, relational repository, bringing it all together to lower project costs and provide trusted data and analysis.



- **Consolidate and integrate metadata from various data sources**
- **Get informed on data usage, data lineage and audit history**
- **Perform end-to-end change impact analysis**

SAP NetWeaver Information LifeCycle Management

Manage system redundancy and legacy data



Shut-down Redundant Legacy Systems

- Consolidate data in retention warehouse
- Generate tax and audit reports on data from decommissioned systems

Set Business Rules to Govern Data Retention

- Set retention rules to keep data for different time periods in compliance with regulatory rules
- Ensure compliance with multiple regulatory regimes

Manage Legal Cases

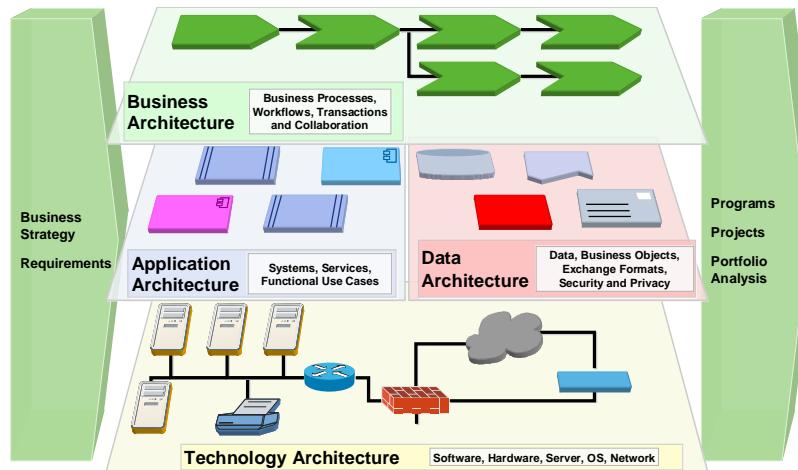
- Apply holds on business records to prevent data destruction or deletion
- Collect and deliver all records related to specific legal cases

SAP Enterprise Architecture Framework (EAF)

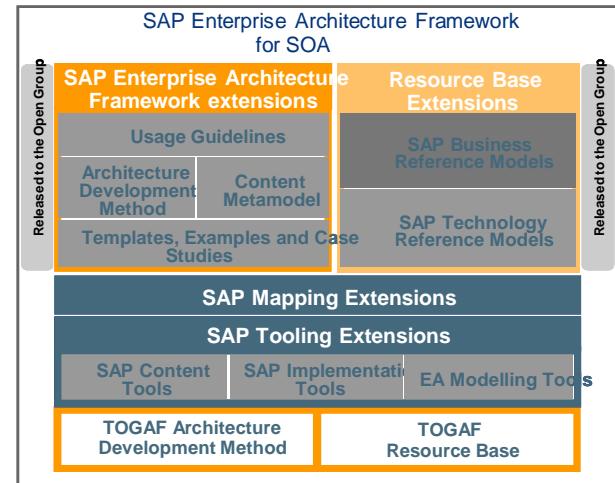
Providing Traceability from Strategy to Execution



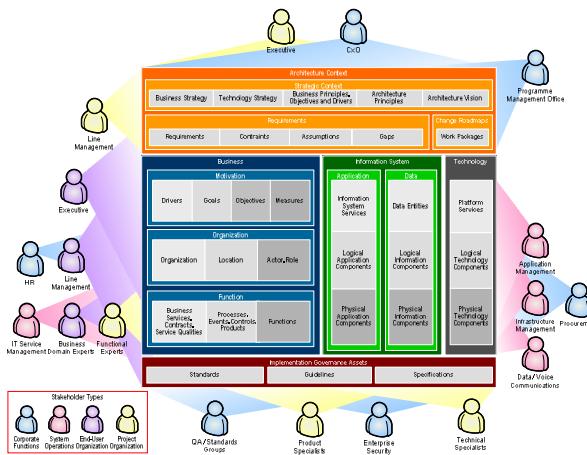
How do you get from strategy to execution?



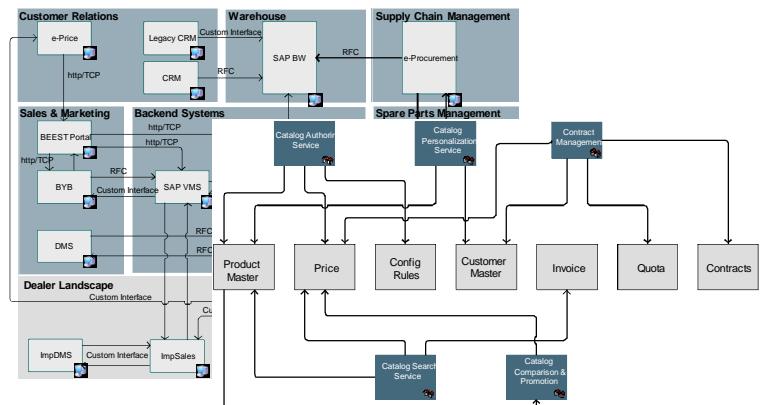
...Through a Framework Based on Standards



Describe Enterprise & Meet Stakeholder Requirements



Apply & Scale using SAP Enterprise Modeling application by IDS Scheer



SAP Business Objects Strategy Management

Deliver on IT Strategy in Alignment with Enterprise-wide Objectives



Clearly communicate IT goals

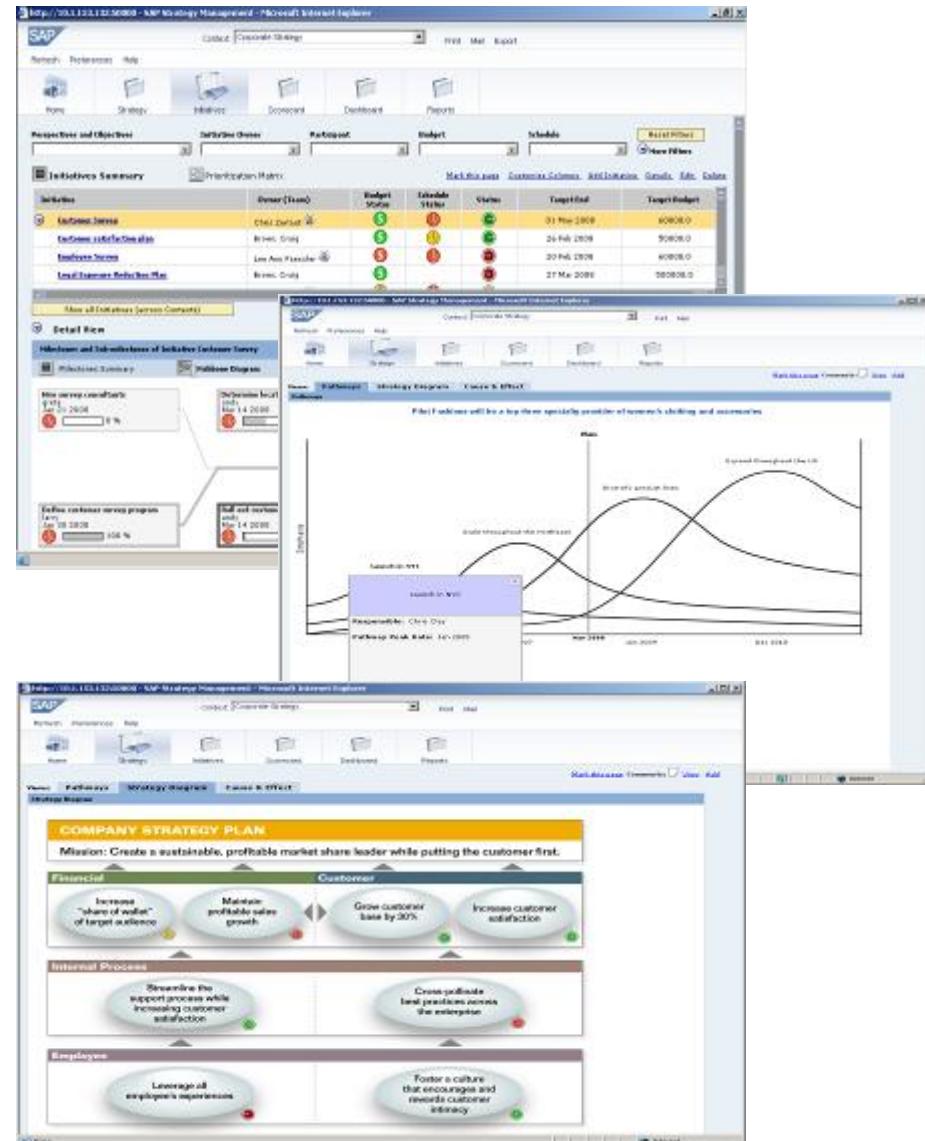
- Help IT improve performance and align execution with strategy by connecting goals, initiatives, and metrics

Prioritize initiatives based on strategy

- Focus on initiatives that will have most impact and allocate resources appropriately

Cascade strategy across the IT organization and intelligently manage resources

- Increase understanding of how to impact strategic goals, ensure accountability, and manage exceptions



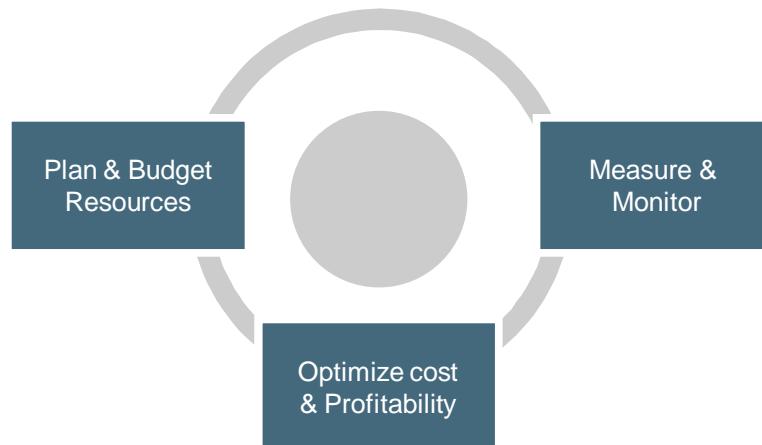
SAP Business Objects

Profitability and Cost Management

Optimize Costs and Manage Financial Performance



- “What-if” scenario planning
- Capacity planning
- Driver-based budgeting
- Activity-based budgeting
- Key performance indicators
- Performance metrics
- Benchmarking



- All functionality provided in a single user interface
- All data accessible to any type of model
- Change any data item once only
- On demand “what-if” analysis and calculation

- IT Services Costing and Cross Charging

SAP Business Objects Spend Performance Management

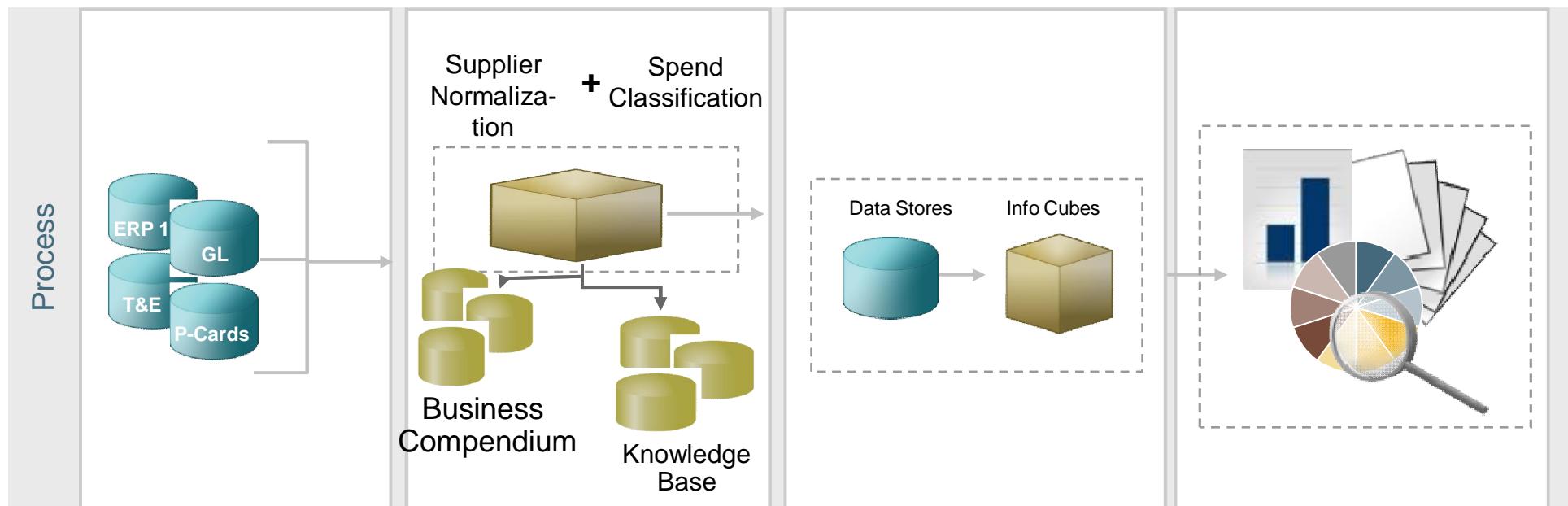


Monitor and Control IT Spending

Complete data...

Accurate &
standardized...

Easy to understand, and actionable!



Technolog

- SAP extractors
- SAP Business Objects Data Integrator
- Self-service data management portal

- Acquired IP
 - Supplier Business Compendium
 - 'Predictive Coding'

- SAP NetWeaver BI 7.0
- Flex-based application layer

- Web browser with Adobe Flash Player
- Integrated with E-Sourcing

Governance, Risk and Compliance

Key Stakeholder Objectives



CFO

A unified approach to Governance, Risk & Compliance (GRC) maximizes performance by cost-effectively managing regulations and policy compliance, while proactively mitigating all types of business risk.



Head of
Risk Management



Head of Compliance /
Internal Audit



Head of Internal Audit /
Chief Security Officer



Vice President Tax /
Head of Compliance

How do I maximize corporate performance while managing risk and ensuring compliance?

- Increase visibility
- Reduce costs
- Manage risk

Enterprise Risk Management

- Reduce losses / risk exposure and improve profitability
- Increase success rate of new initiatives/strategies
- Reduce risk mitigation costs & insurance premiums

Risk-Based Internal Controls

- Enforce accountability
- Enable continuous control monitoring through automation
- Reduce cost of compliance

Access Management

- Reduce cycle time to manage and maintain accounts in a compliant manner
- Reduce audit, remediation and resolution costs
- Automate entire account management life cycle

Duty Reduction & Trade Compliance

- Ensure trade compliance
- Minimize financial risk by avoiding costly fines and penalties
- Maximize trade benefits by reducing trade-related duties, taxes

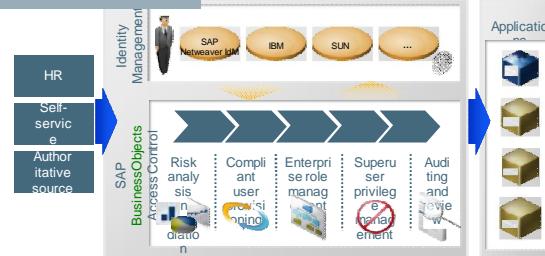
SAP Business Objects Process Control Demonstrate Compliance with Regulatory Requirements

- Implement operational controls to improve business process management
- Reduce cost without compromising compliance
- Enable lines of business to effectively mitigate risks



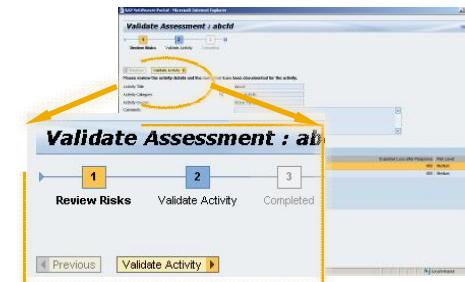
SAP Business Objects Access Control Prevent Segregation of Duties Violations

- Protect information and prevent fraud
- Optimize operations
- Minimize time and cost for financial compliance



SAP Business Objects Risk Management Implement Collaborative Risk Management Processes

- Protect Existing Value
- Create New Value
- Increase Enterprise Transparency



SAP NetWeaver Identity Management

Centralized management of users and access across the landscape



- Lower TCO through centralized identity management across heterogeneous landscape
- Increased productivity through automated provisioning and self-support
- Integrated solution with GRC for compliant role-based control with extensive audit and reporting capabilities
- Support for flexible execution of business through integration with the business suite and identity services in a SOA environment

SAP provides an integrated, business driven, compliant* identity management solution on a standards based technology platform

Consolidate & Govern IT

A Powerful and Integrated Portfolio

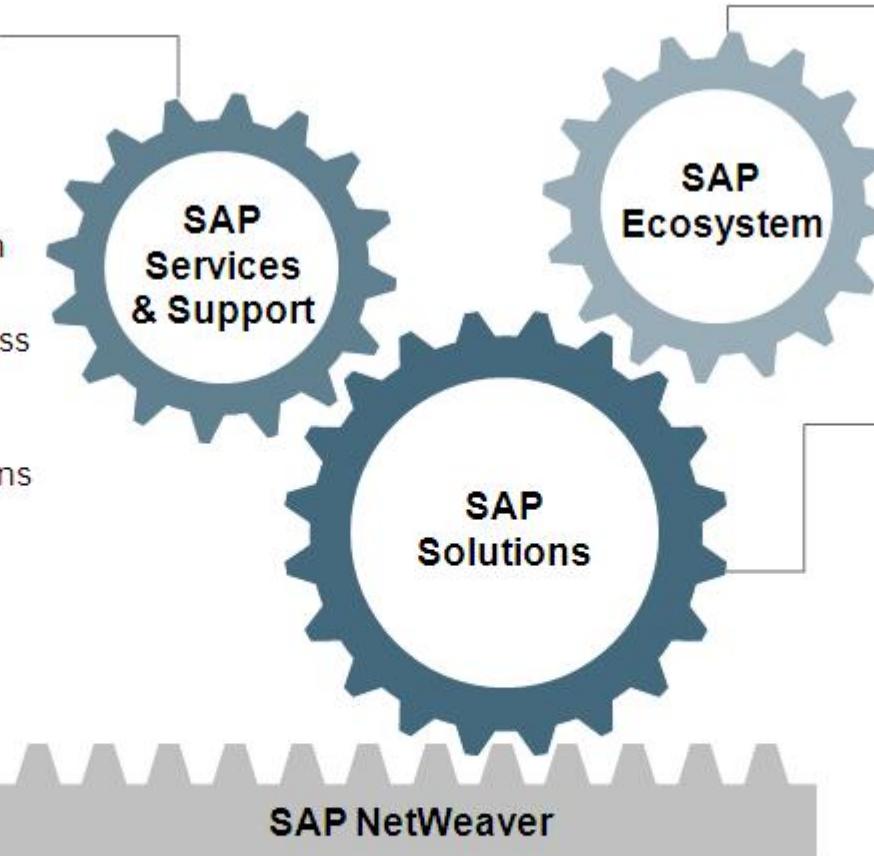


SAP Services & Support

- SAP System Landscape Optimization
- SAP Enterprise Architecture Framework
- SAP Business Transformation Services
- SAP Services for SAP Business Suite 7.0
- SAP Services for SAP BusinessObjects GRC solutions
- SAP Enterprise Support
- SAP Enhancement Packages
- SAP Education

SAP Technology Platform

- SAP NetWeaver
- SAP NetWeaver Identity Management
- SAP NetWeaver Master Data Management
- SAP Adaptive Computing Controller
- SAP NetWeaver Information Lifecycle Management



SAP Ecosystem

- Open Standards based on ITIL/TOGAF
- Expert Communities
- Largest Network of Channel, Service and Technology Partners

SAP Solutions

- SAP Business Suite 7.0
- SAP BusinessObjects GRC solutions
- SAP BusinessObjects Strategy Management
- SAP BusinessObjects Profitability and Cost Management
- SAP BusinessObjects Spend Performance Management
- SAP BusinessObjects Metadata Management

Best Practice Value Scenario

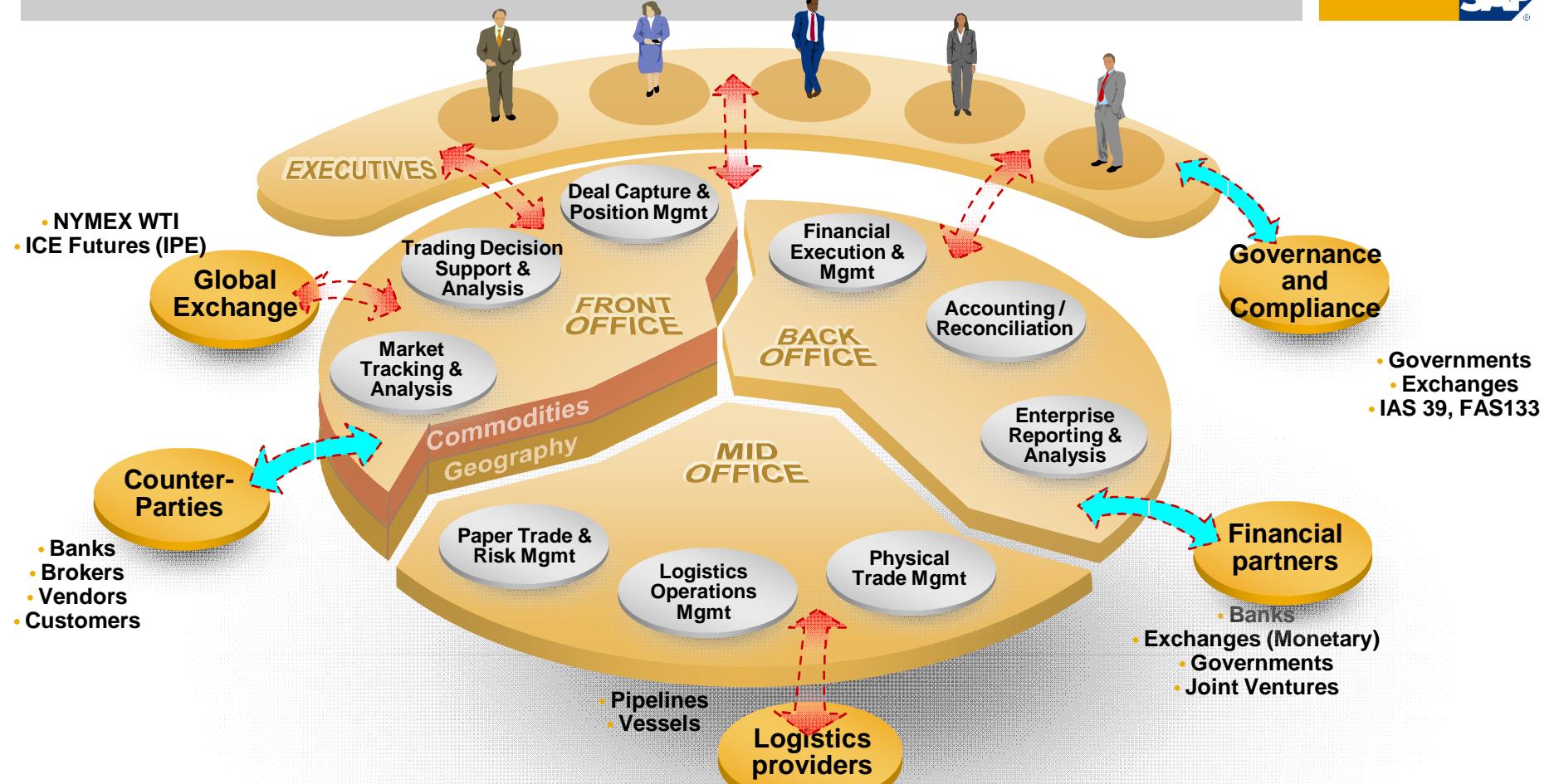
O&G – INTEGRATED TRADE SCHEDULING



THE BEST-RUN BUSINESSES RUN SAP™



Main challenges in the Oil Trading business



Complex & volatile markets

Uncertainty & rapidly changing market factors

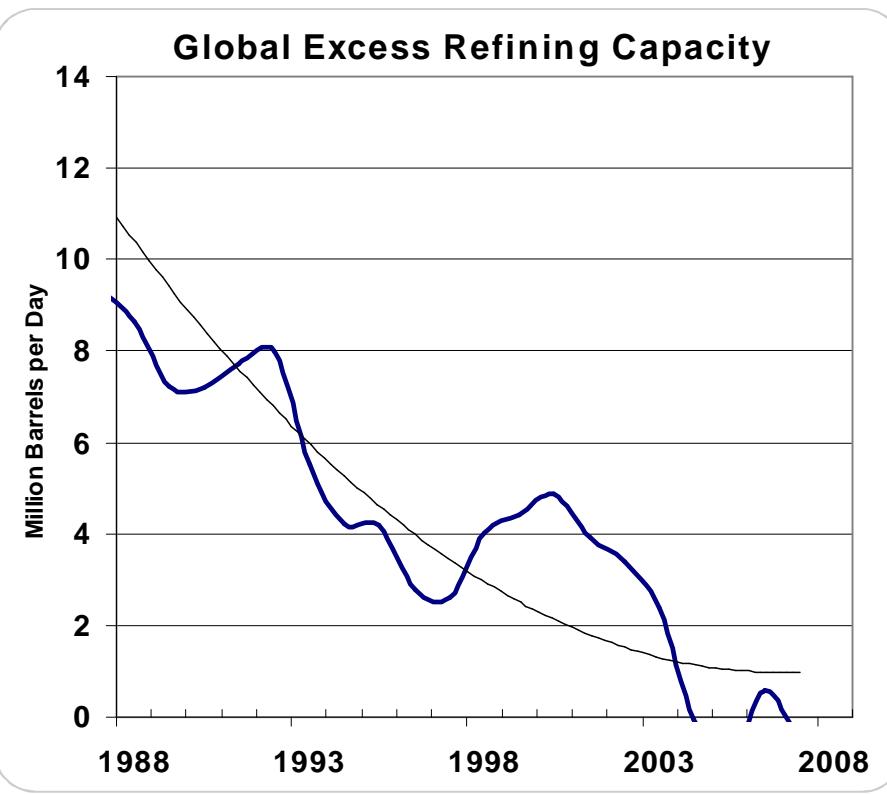
Globalization

Global markets have effects on Trade & Transportation business

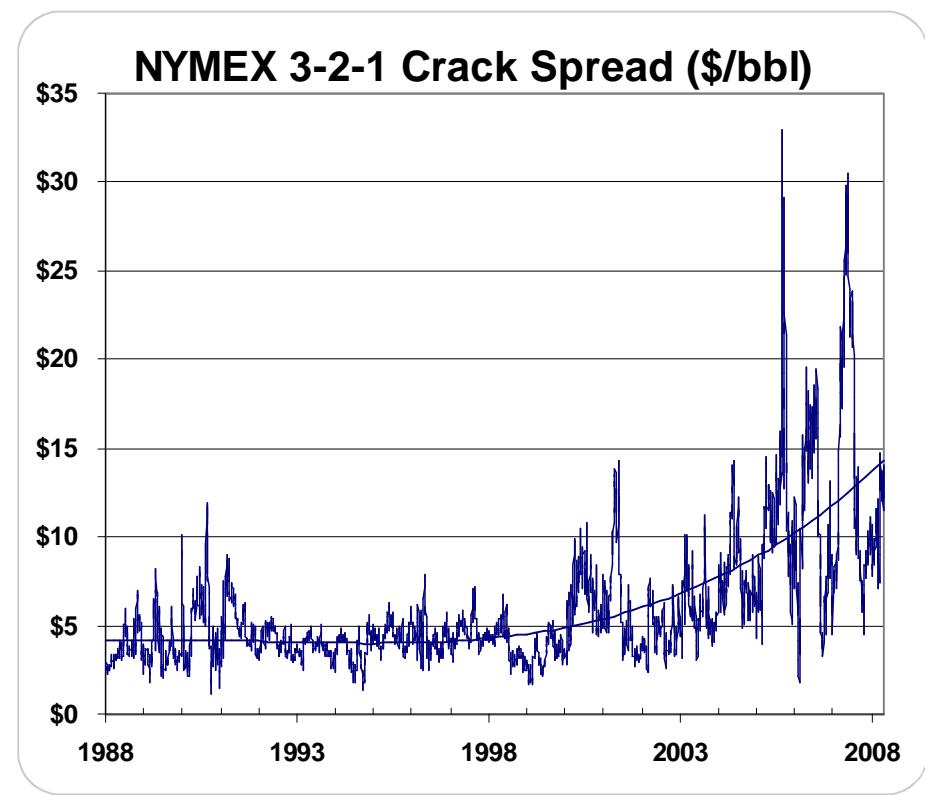
Compliance & Governance

Sarbanes Oxley, Hedging laws

World Energy Markets continue to be Stretched and Volatile



As Supply Continues to Tighten



Any Disruption Leads to Volatility

Managing these Dynamics Continues to be a Challenge for Energy Companies

This Stretch and Volatility is the Result of



Dynamic Market Environment

- Increased risks of supply disruption
 - Geo-political uncertainties
 - Emergence of alternative fuels
 - Shifting global demand patterns

Increasing Government Regulations

- Sarbanes Oxley
- Sanction Party compliance
- Hedging laws – IAS 39, FAS133
 - Excise taxes
- Environmental controls

- Reluctance to invest new capital
- Downward Margin Pressure
- Reduced Operating Efficiency
- Increased risk of non-compliance

Increased Market Complexity

- NOC supply dominance
- Increased number of joint ventures
- Increased Price & Volume Transparency
- Organizational flattening
- Changing regulatory environment

Intense Competition

- Market consolidation and rationalization
 - Increased market globalization
 - Hypermarket entry and maturity

Challenges in Oil&Gas Trading / Risk Management

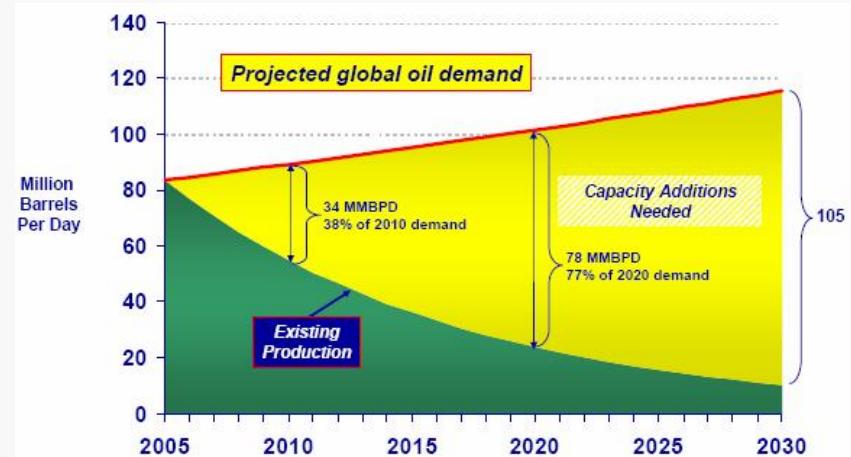


Oil companies need to be able to manage the risks of the changing market.

High volatility of Oil market prices



Projected oil demand vs. production



Sources: www.bbc.com

www.oil-price.net

Source: ConocoPhillips Projection Based on IEA World Energy Outlook 2005

Main Business Drivers

- Volatile commodity prices
- Regulatory response to global economic crisis
- Climate change
- Development of cap and trade markets in U.S.
- Growth of electronic trading and (new) exchanges
- (Marine) logistics and delivery risk are increasingly important in a global business



Market Response

- Recognized need to integrate trading with shipping functionality
- Global Super Majors and NOC's are looking to meet new requirements and reduce TCO by replacing in-house development by packaged solutions
- National and regional oil companies in emerging countries looking for software solution to address this increasingly complex environment

Trends in ETRM* Software

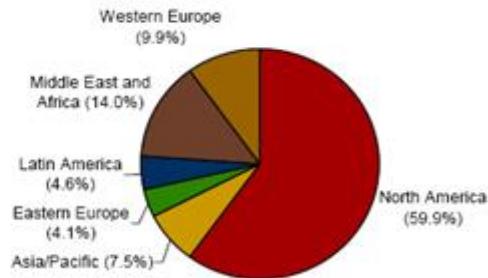


- 6 % annual growth rate of market
- High and volatile oil price, U.S. credit crisis, climate change, and growth of electronic trading and (new) exchanges are the main business drivers
- Global Super Majors and NOC's are looking for packaged ETRM solutions
- National and regional oil companies in emerging countries looking at application software
- (Marine) logistics and delivery risk are increasingly important in a global business
- Development of cap and trade markets in U.S.

Major directions:

- Reduce TCO by replacing in-house development by packaged solutions
- Integrate shipping functionality

Worldwide Energy Trading and Risk Management Spending Share for Oil and Gas by Region, 2006



Total = \$404.1M

Source: Energy Insights, 2008

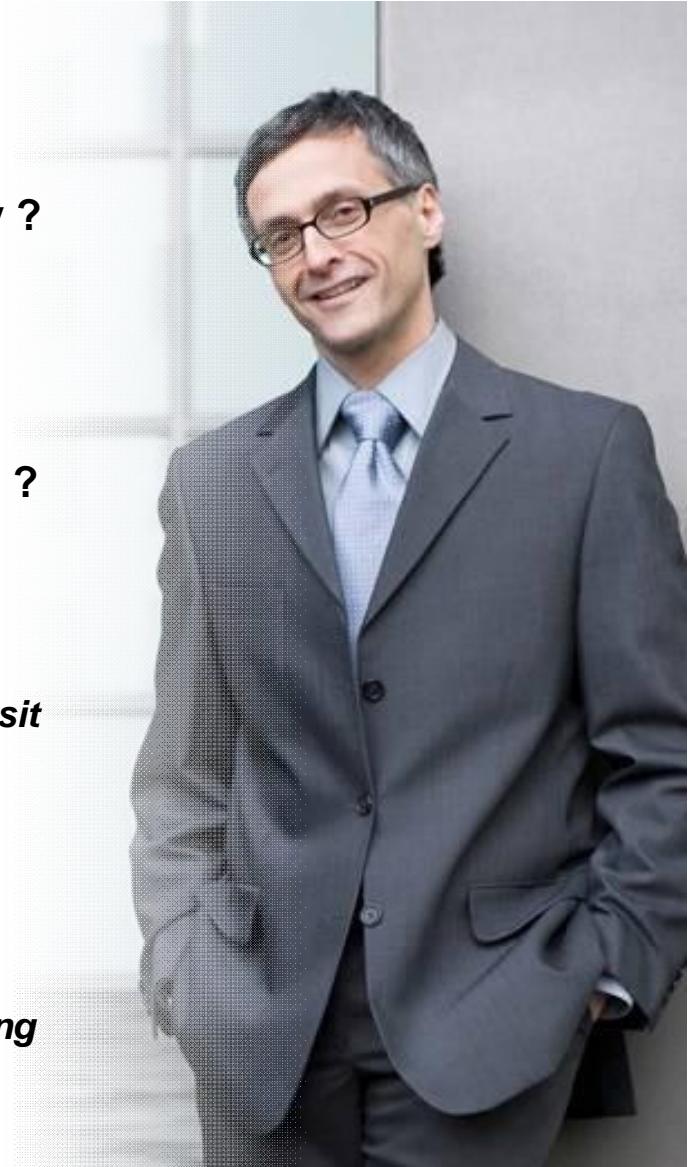
*ETRM: Energy Trading & Risk Management

What does this mean for your business?

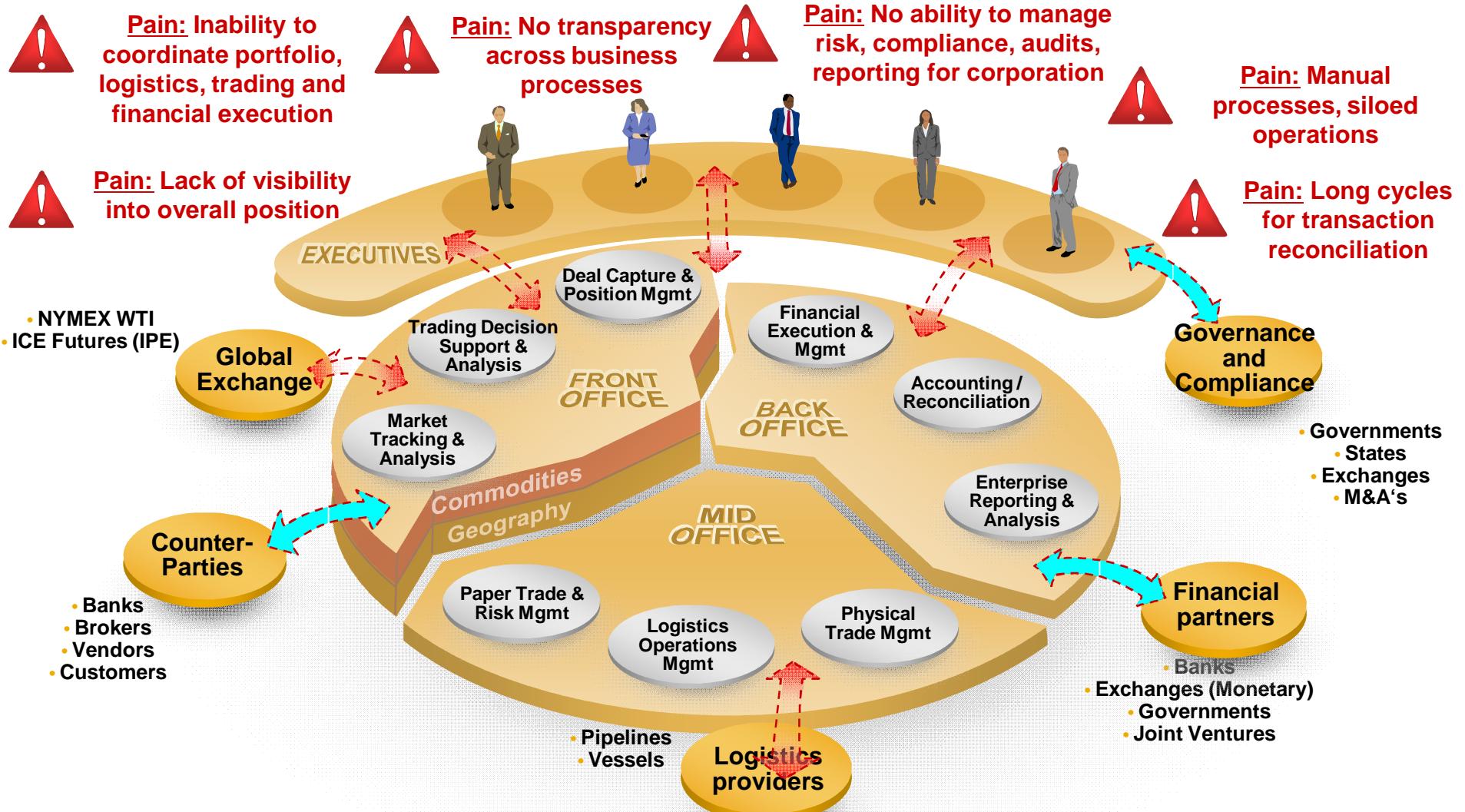


Top executive issues

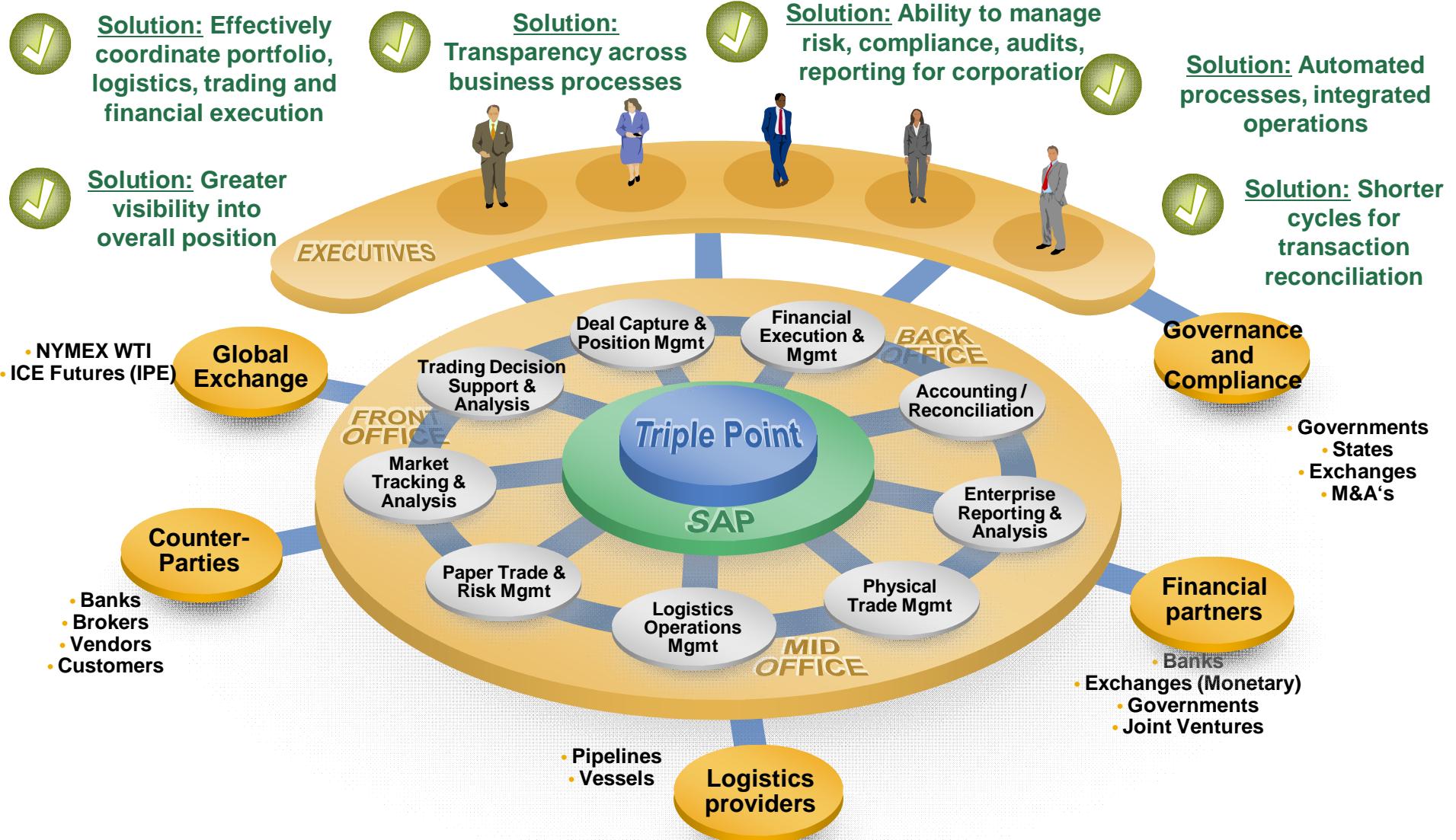
- Are my deals consistent with contracts and inventory ?
(Issue: No transparency across business processes)
- Where are we long and where are we short ?
(Issue: Lack of visibility into overall position)
- Is my risk exposure aligned real-time with operations ?
(Issue: Align risk exposure with volumes)
- Are my demands and supplies balanced across the whole supply chain ?
(Issue: Lack of real-time visibility into inventories and in-transit movements)
- Are my books correct at the end of the month ?
(Issue: Manual processes, siloed operations)
- Are we compliant to regulatory requirements ?
(Issue: No ability to manage risk, compliance, audits, reporting for corporation)



Main issues in Oil Trading & Logistics business



...and how SAP solves the issues in Oil Trading & Logistics business



How IT meets the business challenges



Market pressure

Complex & Volatile Markets

Uncertainty & rapidly changing market factors

Globalization

Global markets have effects on Trade & Transportation business

Compliance & Governance

Sarbanes Oxley, Hedging laws



IT Consolidation & Standardization

Decision support

Provide a consistent set of data of overall company positions

Transparency

Support of legal requirements

Integration

Consistent data in operations & execution

Aligning stakeholders to achieve Integrated Trading & Scheduling



Effective Integrated Trading & Scheduling requires alignment between several stakeholders with differing objectives.



COO



Operations / Mid-Office



Back-Office

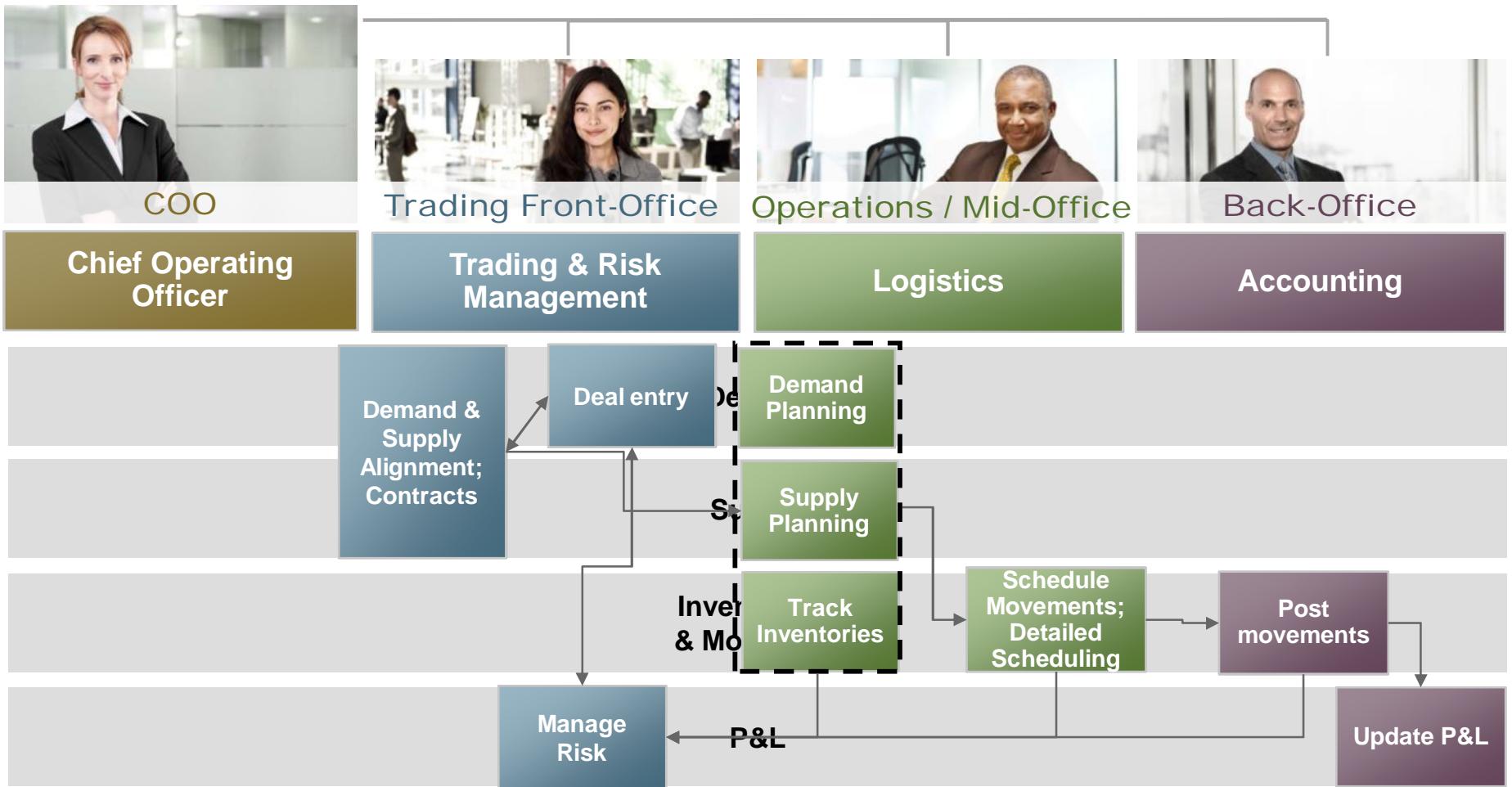
Chief Operating Officer
Are we profitable and compliant ?
<ul style="list-style-type: none">■ Revenue■ Operating margin

Trading & Risk Management
Where are we long and where are we short ? Are my deals consistent with contracts and inventory ? <ul style="list-style-type: none">■ Revenue■ Margin■ Customer satisfaction
Are my demands and supplies balanced across the whole supply chain ? <ul style="list-style-type: none">■ Inventory levels■ Transportation costs■ Contractual agreements■ Customer satisfaction

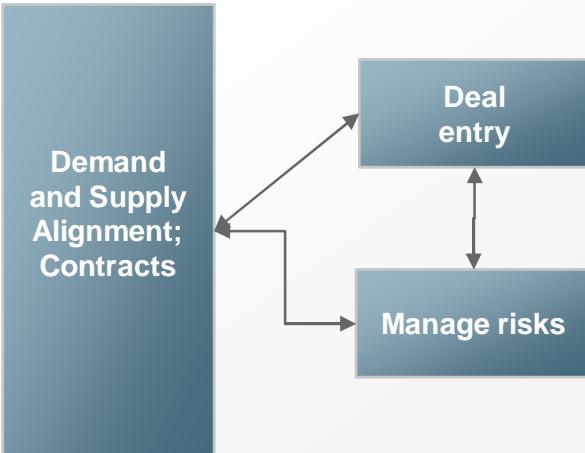
Integrated Trading & Scheduling an end-to-end, cross-functional process



Effective Integrated Trading & Scheduling connects processes across departments to increase efficiency along the whole supply chain.



SAP Solution



- Provide all relevant demand and supply information with complete visibility for all stakeholders in real time
- Enable real-time access to data for timely decision-making
- Manage pricing risks

SAP Differentiators

Integration: - Real-time data availability across the entire value chain. Integration of trader's front office with operations / mid-office and back-office.
- Real-time data availability across the entire value chain

Scalability: Architecture enables scalable and integrated processes

Bulk Logistics / Scheduling

Objectives, issues, capabilities and benefits



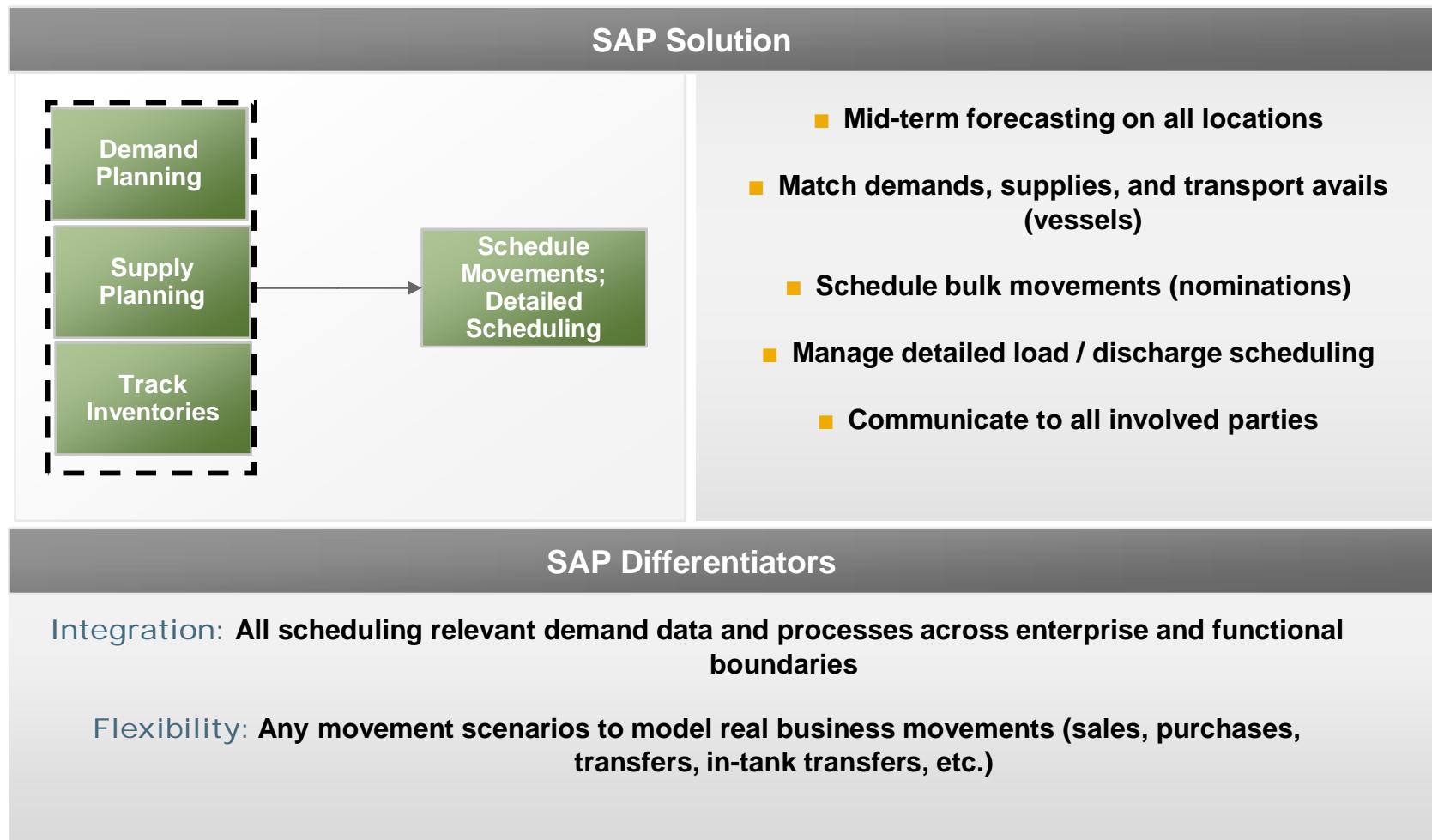
Objective:

Plan demands, supplies and freight avails in a most efficient and integrated manner

Best practice solution:

The Scheduler uses SAP TSW (Trader's & Scheduler's Workbench) to plan and schedule deals and bulk transports

Issues	Key business capabilities	Benefits
<ul style="list-style-type: none">■ View present and future inventories per location / tank■ View all unscheduled deals■ Include SAP contracts and orders in scheduling application, real-time■ Track and maintain all in-transit transports	<ul style="list-style-type: none">■ Plan and schedule deals and bulk movements■ Communicate with customers and service providers■ Ensure stability of inventories	<ul style="list-style-type: none">■ Decision support: View all real-time supply chain data, including all in-transit movements■ Automation: Automate processes■ Integration: All documents and processes in one central instance



Back-Office / Accounting

Objectives, issues, capabilities and benefits



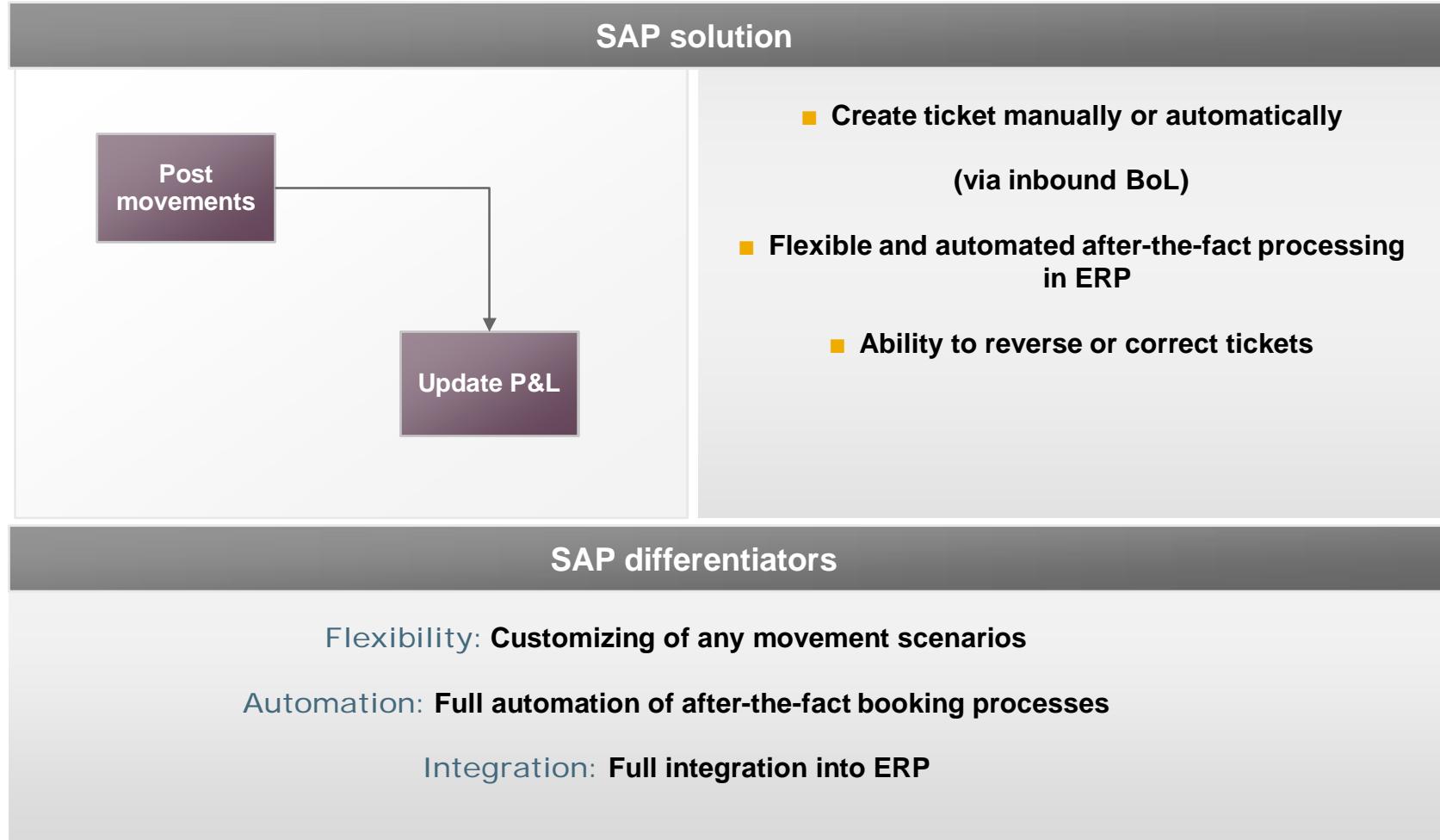
Objective:

Ensure on-time booking of all movements and FI documents

Best practice solution:

The Accountant / Clerk is using SAP TSW to initiate all follow-up (after-the-fact) ERP bookings

Issues	Key business capabilities	Benefits
<ul style="list-style-type: none">■ Timely booking of invoices etc.■ Be able to track all movements■ Have consistent data at end-of-month reporting	<ul style="list-style-type: none">■ Book movements■ Check invoices and invoice verification■ Ensure correct (compliant) books	<ul style="list-style-type: none">■ Flexible, automatic and real-time after-the-fact processing■ Track in-transit inventory and value in ERP■ Automation: Automate processes<ul style="list-style-type: none">■ Books = Physicals



Best Practice Value Scenario

O&G – BULK TRANSPORTATION



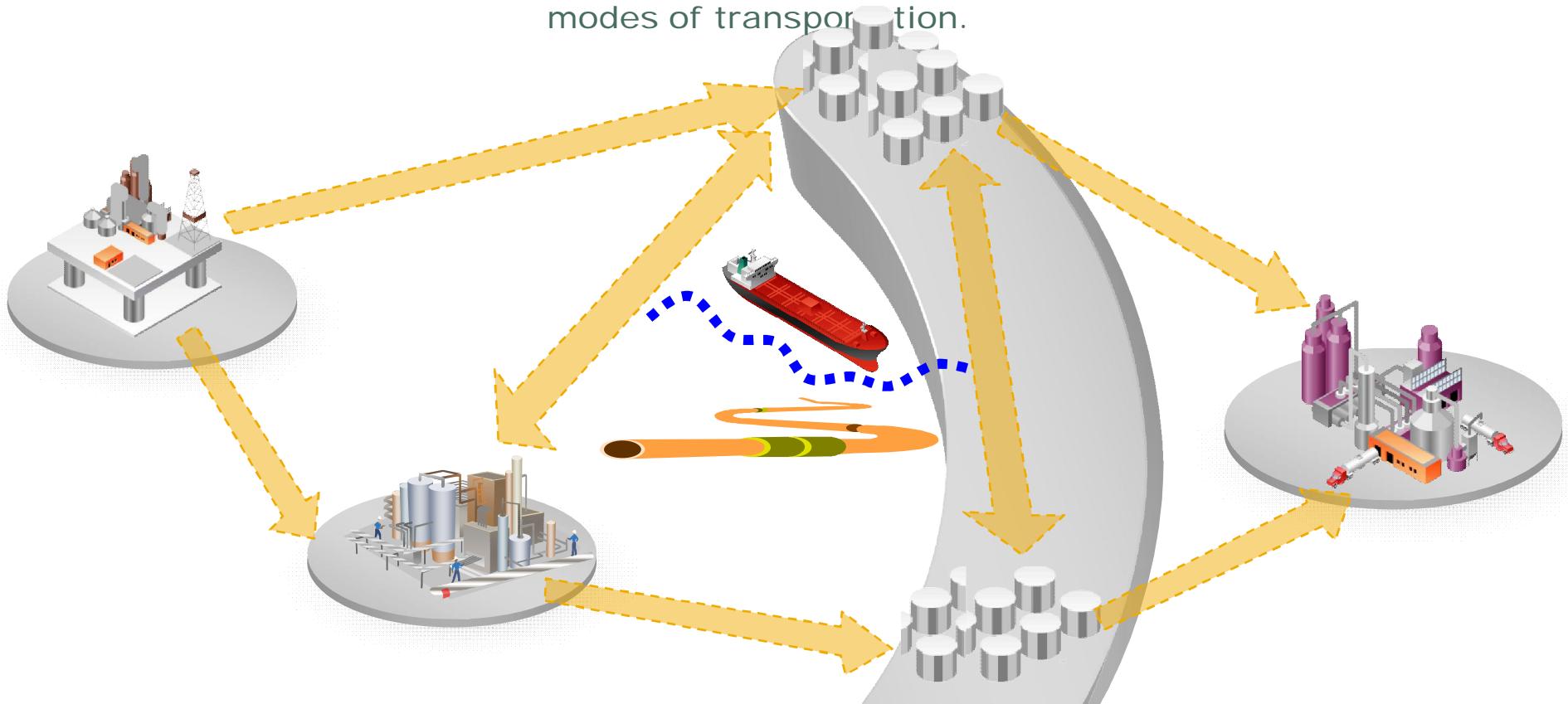
THE BEST-RUN BUSINESSES RUN SAP™



Unreliable data from various systems reduce efficiency of the value chain



Oil&Gas companies need to react fast on reliable data from all their assets and modes of transportation.



Complex & volatile markets

Uncertainty & rapidly changing market factors

Globalization

Global markets have effects on Trade & Transportation business

Tight Demand/Supply situation

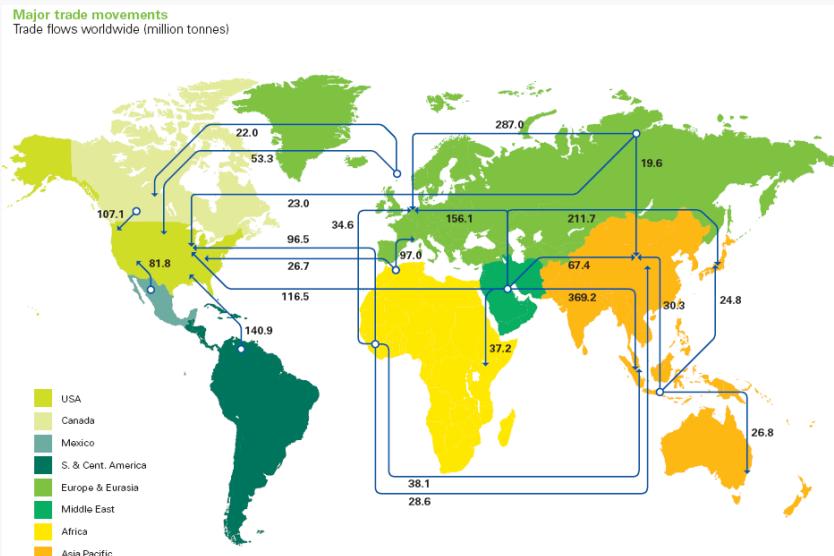
Low inventories, restricted refinery capacities and tight demand/supply balancing

Challenges in Oil / Bulk Transportation Management



Oil companies need to have complete visibility to react fast in a rapidly changing global environment.

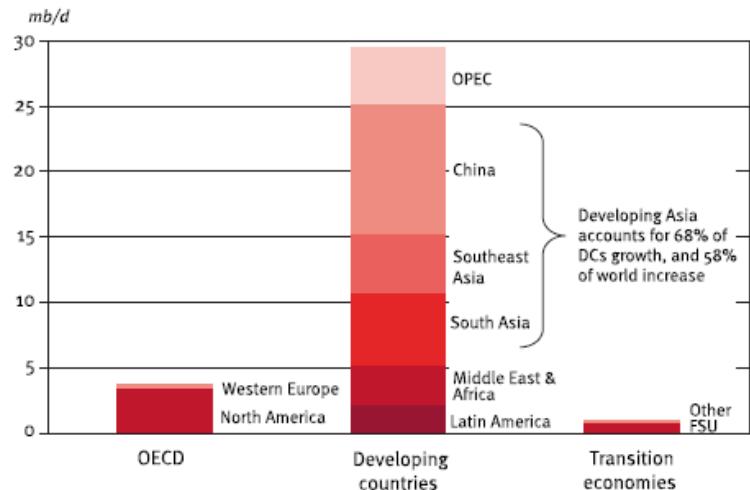
Global oil movements



Source: BP Statistical Review of World Energy 2007

New emerging demand regions

Annual growth in oil demand, 2005–2030

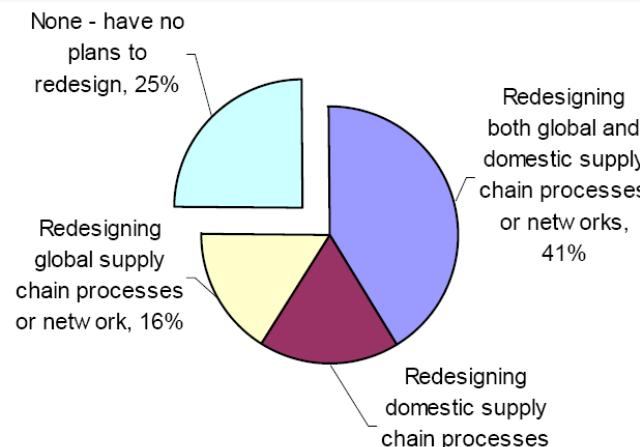


Source: OPEC, World Oil Outlook 2007

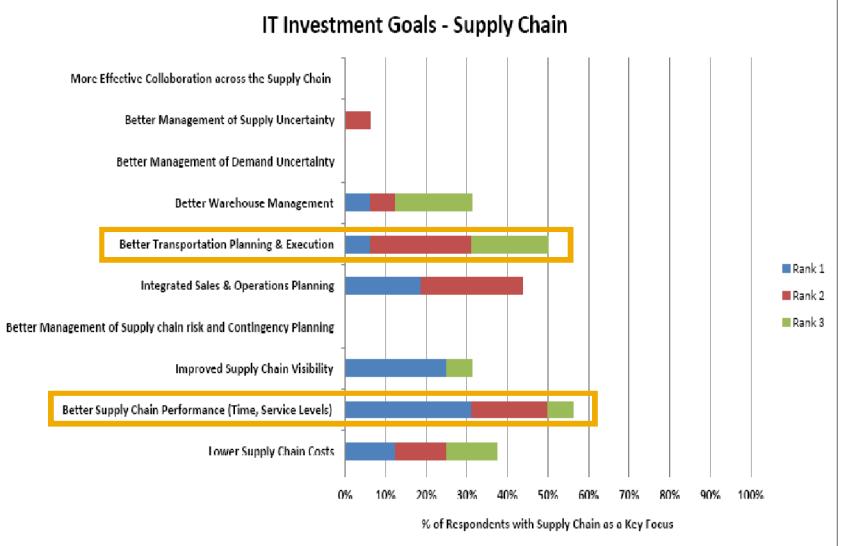
Majority in Process & Manufacturing Industries is redesigning SCM



Cost pressures, escalating customer service demands, & restructuring requirements in the Process Industries lead to ...



An ARC benchmark Study on Manufacturing Industries IT Spending ranked Supply Chain Performance (Time, Service Levels) and better Transportation Planning and Execution as top priorities where to focus investments.

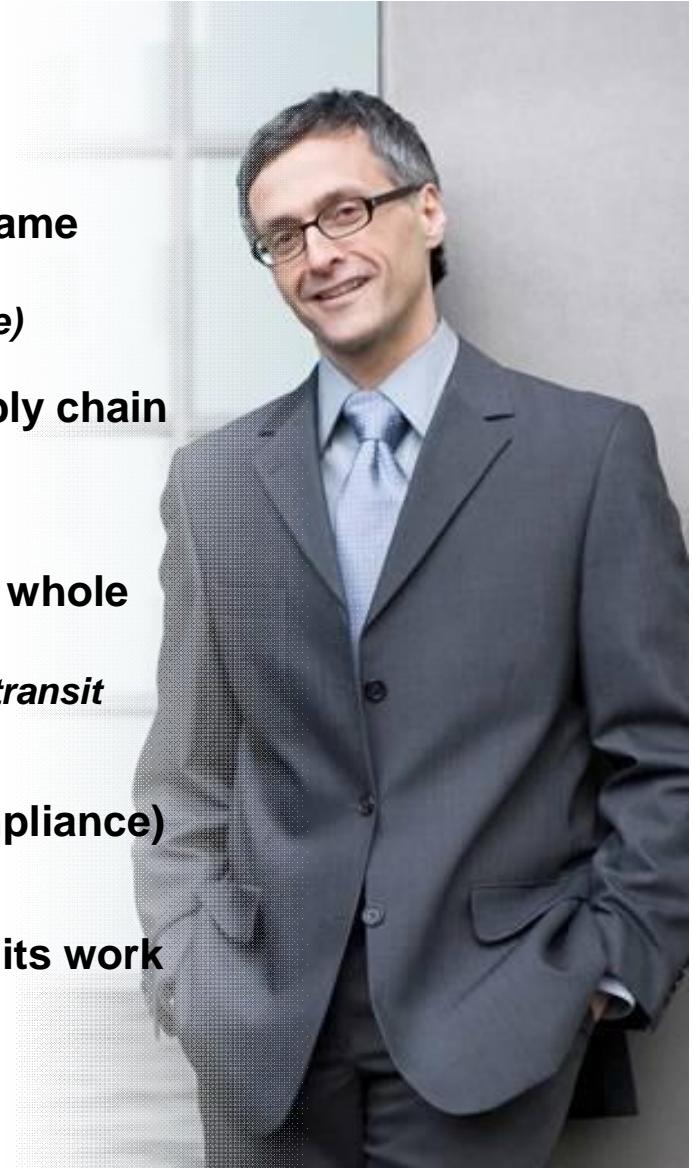


What does this mean for your business?



Top executive issues

- How can I ensure that everyone works with the same information ?
(Issue: No common data, disparate system landscape)
- Are there any extraordinary situations along our supply chain ? How to react as early as possible ?
(Issue: Alerts are often recognized too late)
- Are my demands and supplies balanced across the whole supply chain ?
(Issue: Lack of real-time visibility into inventories and in-transit movements)
- Are my books correct at the end of the month ? (Compliance)
(Issue: Manual processes, siloed operations)
- Break down silos in the company (Do all business units work to the same company bottom line goal ?)
(Issue: Siloed operations)



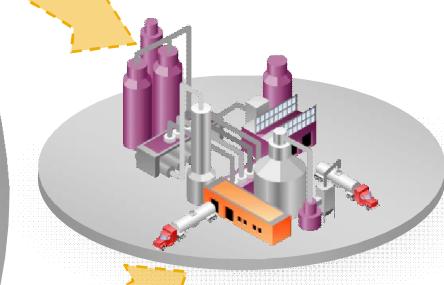
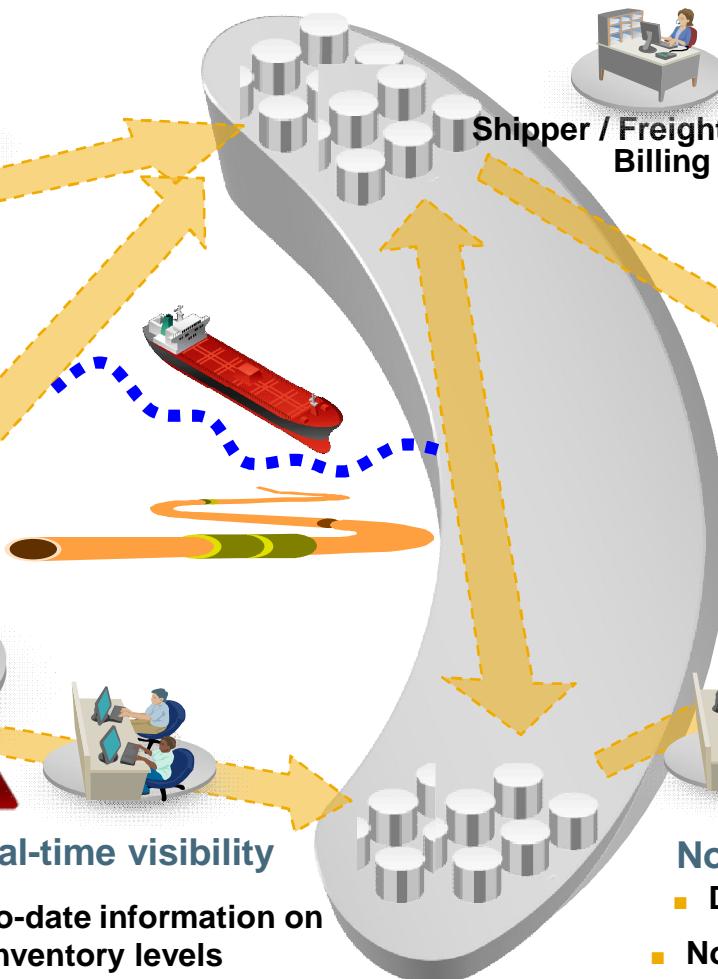
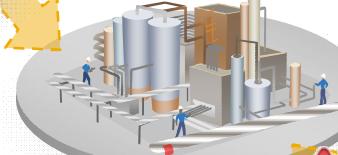
Main issues in the Oil Logistics business...



Discrepancies between physical, trading and accounting books



- Siloed organization
- Manual processes
- Impact to working capital



Alerts recognized too late

- No real-time data feed
- No role assignment

Siloed operations

- Employees may not have one common goal
- No communication among employees



Lack of real-time visibility

- No up-to-date information on inventory levels
- Lack of In-transit details
- Inability to take advantage of market opportunities

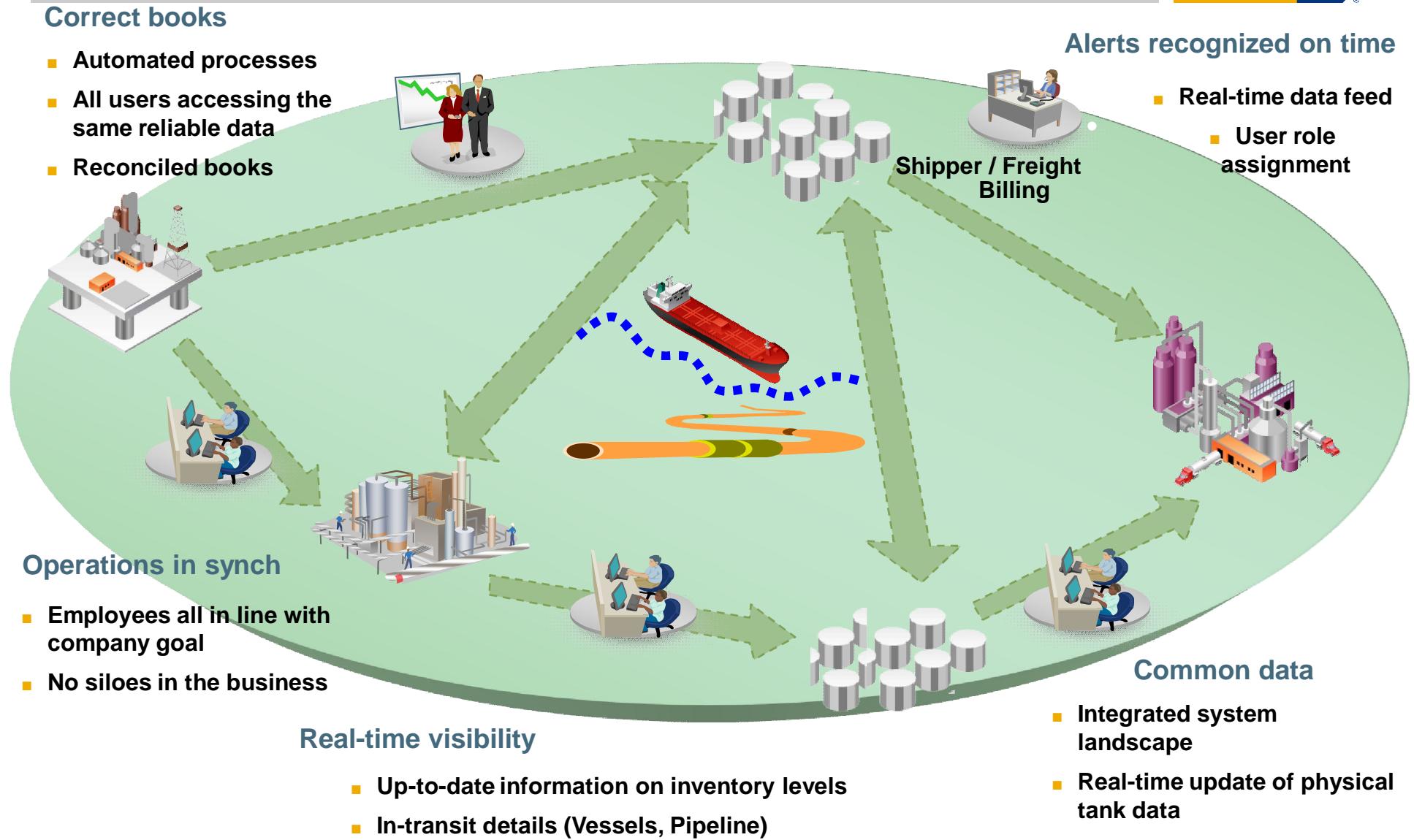


No Common data

- Disparate system landscape
- No real-time update of physical tank data



...and how SAP solves the issues in the Oil Logistics business



Aligning stakeholders to achieve Bulk Transportation Management across the network



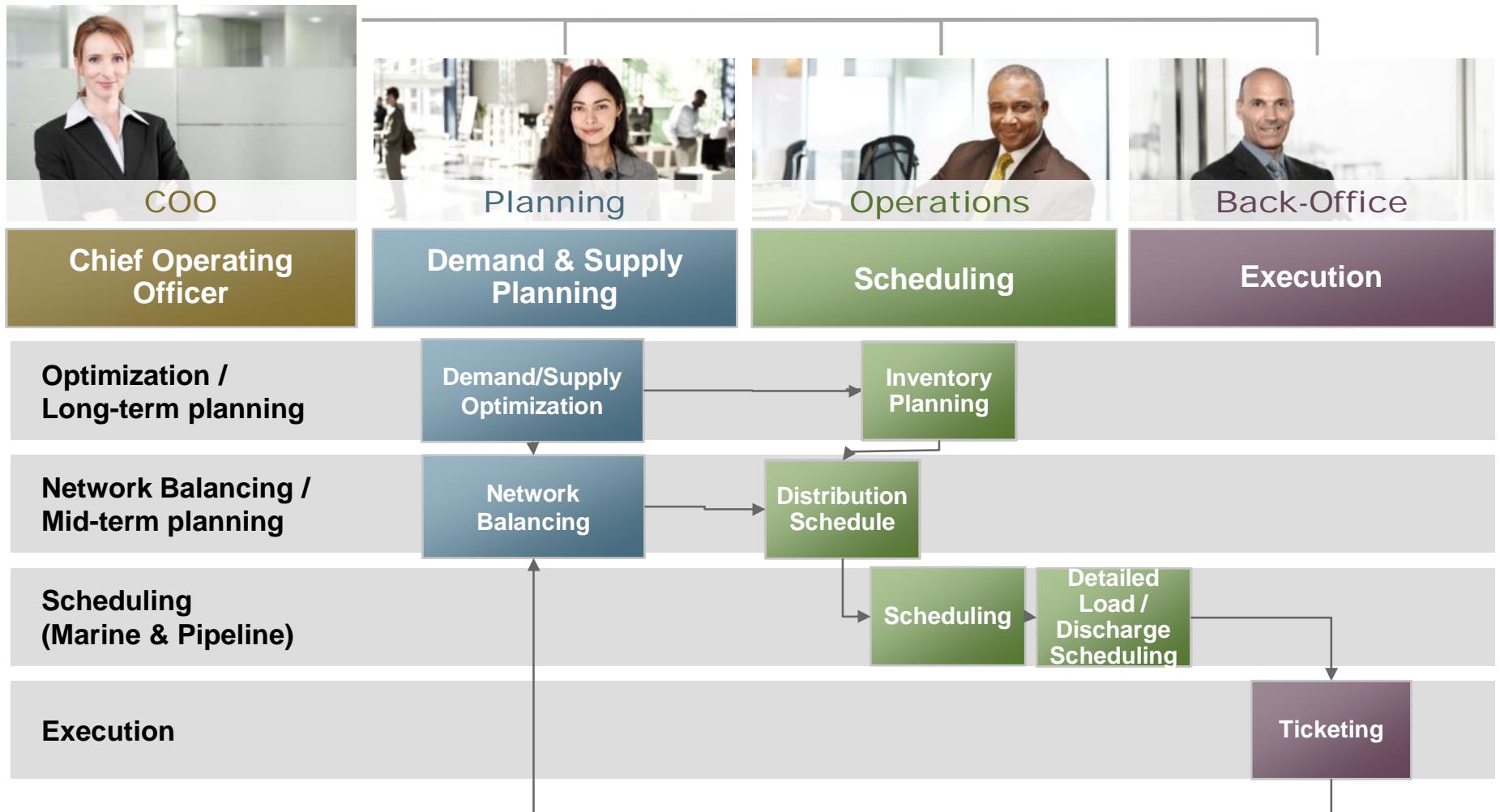
Effective Bulk Transportation Management requires alignment between several stakeholders with differing objectives.



Bulk Transportation Management



Bulk Scheduling covers all processes from High-level long-term planning of oil down to detailed scheduling and execution.



Demand & Supply Planning

Objectives, issues, capabilities and benefits

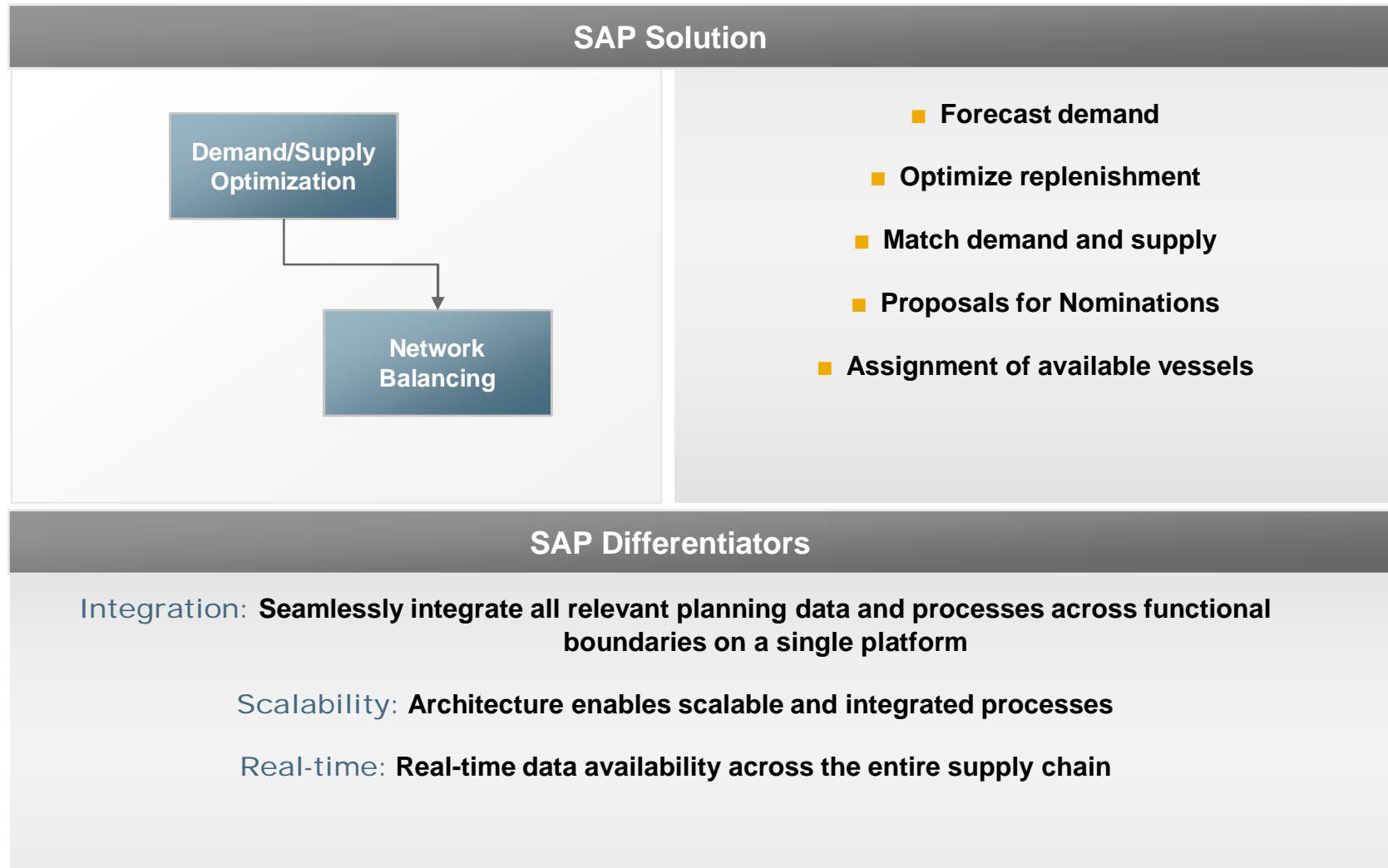


Objective:
Balanced and Profitable Demand and Supply

Best practice solution:
Use APO SNP and DP to optimize inventories and transportation

Issues	Key business capabilities	Benefits
<ul style="list-style-type: none">■ Planning system not really integrated with SAP ERP■ Results of optimization need to feed back to the scheduler's desks	<ul style="list-style-type: none">■ Optimize and plan sourcing of demand locations<ul style="list-style-type: none">■ Forecast on demand■ Balance the whole network■ Schedule vessels & ships	<ul style="list-style-type: none">■ One fully integrated optimization and planning system■ Push results into the scheduling application■ Full network visibility

Demand & Supply Planning



Scheduling

Objectives, issues, capabilities and benefits



Objective:

Plan, schedule and execute demands, supplies and freight availabilities in a most efficient and integrated manner

Best practice solution:

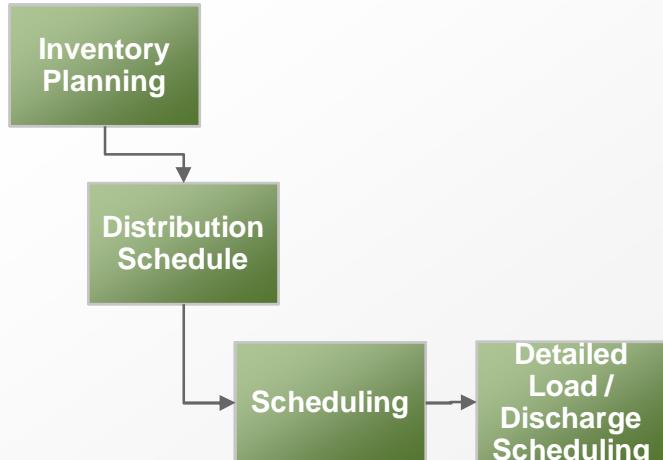
The Scheduler uses SAP TSW (Trader's & Scheduler's Workbench) to plan and schedule stock transfers, deals and bulk transports

Issues	Key business capabilities	Benefits
<ul style="list-style-type: none">■ View present and future inventories per location / tank■ View all unscheduled deals and available stock for later scheduling■ Include SAP transfer orders, contracts and orders in scheduling application, real-time■ Track and maintain all in-transit transports	<ul style="list-style-type: none">■ Plan and schedule stock transfer orders, deals and bulk movements■ Communicate with customers and service providers■ Ensure stability of inventories	<ul style="list-style-type: none">■ Decision support: View all real-time supply chain data, including all in-transit movements■ Automation: Automate processes■ Marine scheduling: Reduce / eliminate demurrage■ Integration: All documents and processes in one central instance

Bulk Scheduling



SAP Solution



- Mid-term forecasting on all locations
- Match demands, supplies, and transport avails (vessels)
- Schedule bulk movements (nominations)
- Manage detailed load / discharge scheduling
- Communicate to all involved parties
- Laytime / demurrage calculation

SAP Differentiators

Integration: Seamlessly integrate all relevant scheduling data and processes across functional boundaries on a single platform

Real-time: Real-time data availability across the entire value chain for primary bulk logistics

Execution

Objectives, issues, capabilities and benefits



Objective:

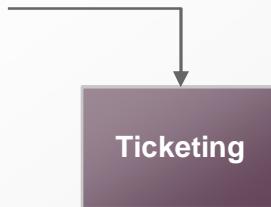
Execute plan and schedule into the backend system.

Best practice solution:

Use the TSW Ticketing component to execute all after-the-fact follow-up activities in ERP.

Issues	Key business capabilities	Benefits
<ul style="list-style-type: none">■ Mismatch of physical and legal readings on one side and the backend figures on the other<ul style="list-style-type: none">■ Manual work to process pipeline tickets or BoL's (Bill of Lading)■ Mismatch of book and physical at month end reporting	<ul style="list-style-type: none">■ Generate all required backend documents (delivery, invoice, etc.)■ Verify consistency of all numbers<ul style="list-style-type: none">■ Consider specific legal requirements in the oil industry (like multiple UoM's, etc.)	<ul style="list-style-type: none">■ Execute plan after-the-fact, with option to correct or reverse■ Consider legal requirements and regulations■ Consistency of all data related to movements and inventories, across planning, scheduling & execution layers

SAP solution



- Create ticket manually or automatically (via inbound BoL)
- Flexible and automated after-the-fact processing in ERP
- Ability to reverse or correct tickets

SAP differentiators

- **Flexibility:** Flexibility of follow-up processing
- **Automation:** Automation of follow-up processing
- **Integration:** Full integration of Scheduling component into ERP via TSW Ticketing application

Best Practice Value Scenario

O&G – WORKFORCE SCHEDULING



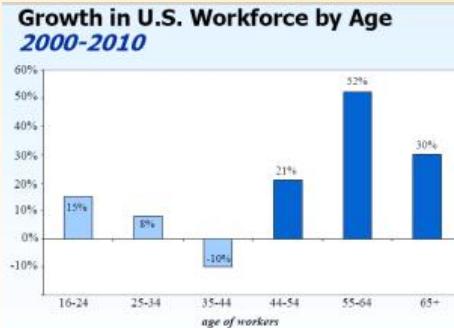
THE BEST-RUN BUSINESSES RUN SAP™



Macro Changes Drive a Continued War for Talent



Greying of the Workforce



By 2010 24 million baby boomers will have left labor pool

Global Nature of Competition



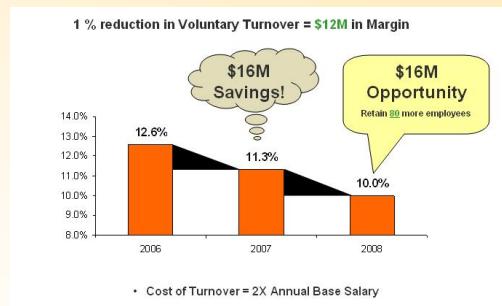
Complex economy demands talent with global acumen, multi-cultural fluency, technological literacy

Skills Shortage



Get the best before your competition does

Employee Retention



Up to 90% of new hires make decision to stay or leave in first 6 months



Today's Oil&Gas business challenges

- **managing an aging workforce**
- succession planning for retiring workers
- documentation of knowledge for succession management
- attracting specific types of labour
- sourcing new talent to meet the growing needs
- **managing a global workforce**
- retention of key talent
- offer more training and development options



The Best People & Talent



Plan the Workforce

- Combine external trends with business strategy
- Plan and model responses
- Build action plans and measure results

Build and Onboard the Workforce

- Plan and Budget
- Find and hire the right people quickly
- Effective onboarding to reduce time to productivity

Develop the Workforce

- Influence performance and gauge potential
- Identify key positions, key skills, and top talents
- Develop successors and key contributors

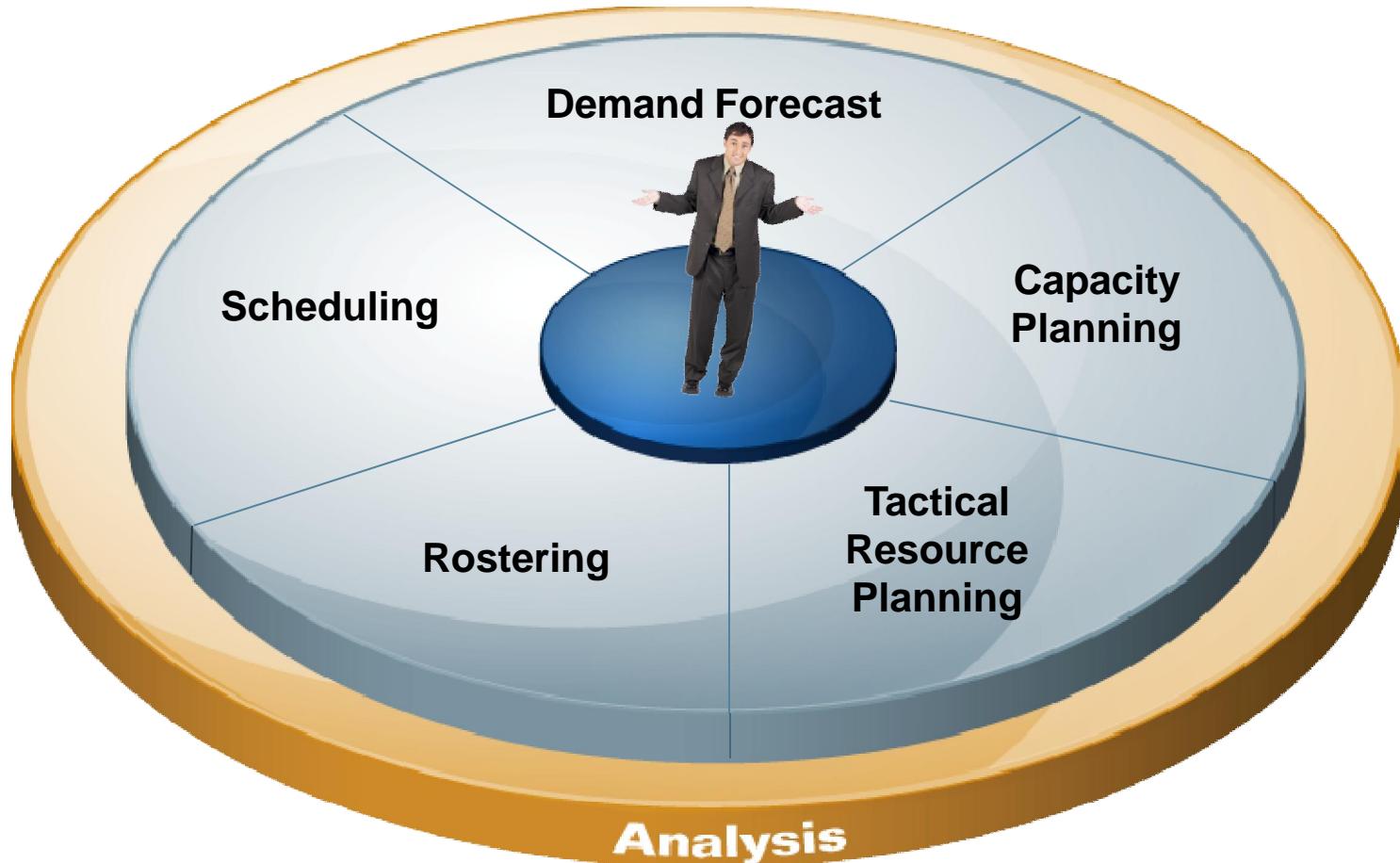
Create a Collaborative Work Environment

- Formal learning opportunities
- Knowledge capture and sharing
- Collaboration and communication

Deliver services that support the Workforce

- Self-services and shared services
- Workforce deployment, Time Management
- Core HR services

Decision-making in service management is complex



Is inefficient workforce scheduling holding you back?



Ever-increasing Costs

- Increased effort and reduced efficiency
- Inconsistent scheduling
- Too many resources, not enough work

Lack of Visibility and Control

- No visibility across systems to identify areas for improvement
- Cannot respond real-time to events and status changes
- Difficulty tracking and complying with policies and regulations



Need to Increase ROI

- Reducing service costs to increase profitability
- Optimizing workforce utilization for efficiency
- Improving service to retain customers - and acquire new ones

Optimizing your workforce provides significant benefit



Significant Cost Savings

- Reducing costs to increase profitability
- Optimizing workforce utilization for efficiency
- Improving service to retain customers – and acquire new ones

Visibility and Control

- Organization-wide visibility of workload and capacity to meet current needs and demand
- Regulatory compliance
- High-quality service for each contract

Increased Revenues

- Servicing more customers per week
- Getting the job done on time, the first time, every time
- Improving customer loyalty and retention with higher quality service

What does this mean for your business?



Top Executive Issues

- **How do I ensure I have the engaged and committed workforce necessary to compete and grow my business?**
- **How do I source the best talent from a shortage of skilled workers?**
- **How do I improve the engagement level and retention of new employees?**
- **How do I determine if my staffing processes are successful?**

Productivity and innovation disruption



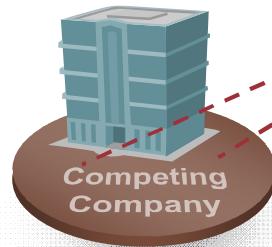
Lack of visibility into process success or failure

- No transparency to performance drivers
- Missed opportunities
- Ineffective staffing and onboarding processes



Reduced employee engagement and increased turnover

- High cost to replace newly hired employee
- Lost productivity
- Lack of innovation



Global Company



Lack of, & competition for, available talent

- Shortage of skills for continued competitive advantage
- Business slowdown
- Lack of organizational growth

Mis-hires and turnover disrupt business by causing the costly and time-consuming need to repeatedly recruit, interview, hire and train.

Workforce agility leads to business value



Transparency and tools to find and hire the best people faster

- Reduce sourcing time
- Less business disruption and possible economic loss
- Lower cost for better hire



Improved employee contribution to business value

- Heterogeneous mix of skills, knowledge and abilities
- Better business decisions
- Workforce aligned with business strategy



Competing Company

Competing Company



Optimize time-to-productivity and reduce new hire turnover

- Decrease business disruption
- Organization readiness for new hire
- Faster time to productivity

Hire the best people, improve retention and time-to-productivity, and quantify the performance of your workforce = an agile workforce geared up to tackle future challenges and business disruptions

Build the Workforce by Aligning Stakeholders



Build the Workforce requires alignment between several stakeholders with differing objectives



Head of HR



Recruiter



HR Admin/EE/Mgr



Head of HR/CEO

Recruiting

How do I create a ready-now workforce?

- Quality of Hire*
- Time to Productivity
- Analysis of Terminations

Onboarding

How do I source the best talent from a shortage of skilled workers?

- Time to Fill
- Cost per Hire*
- Key position staffing

Measuring

How do I improve the retention of new employees?

- Time to Productivity*
- Completion Rate of Tasks*
- New Hire Turnover Rate

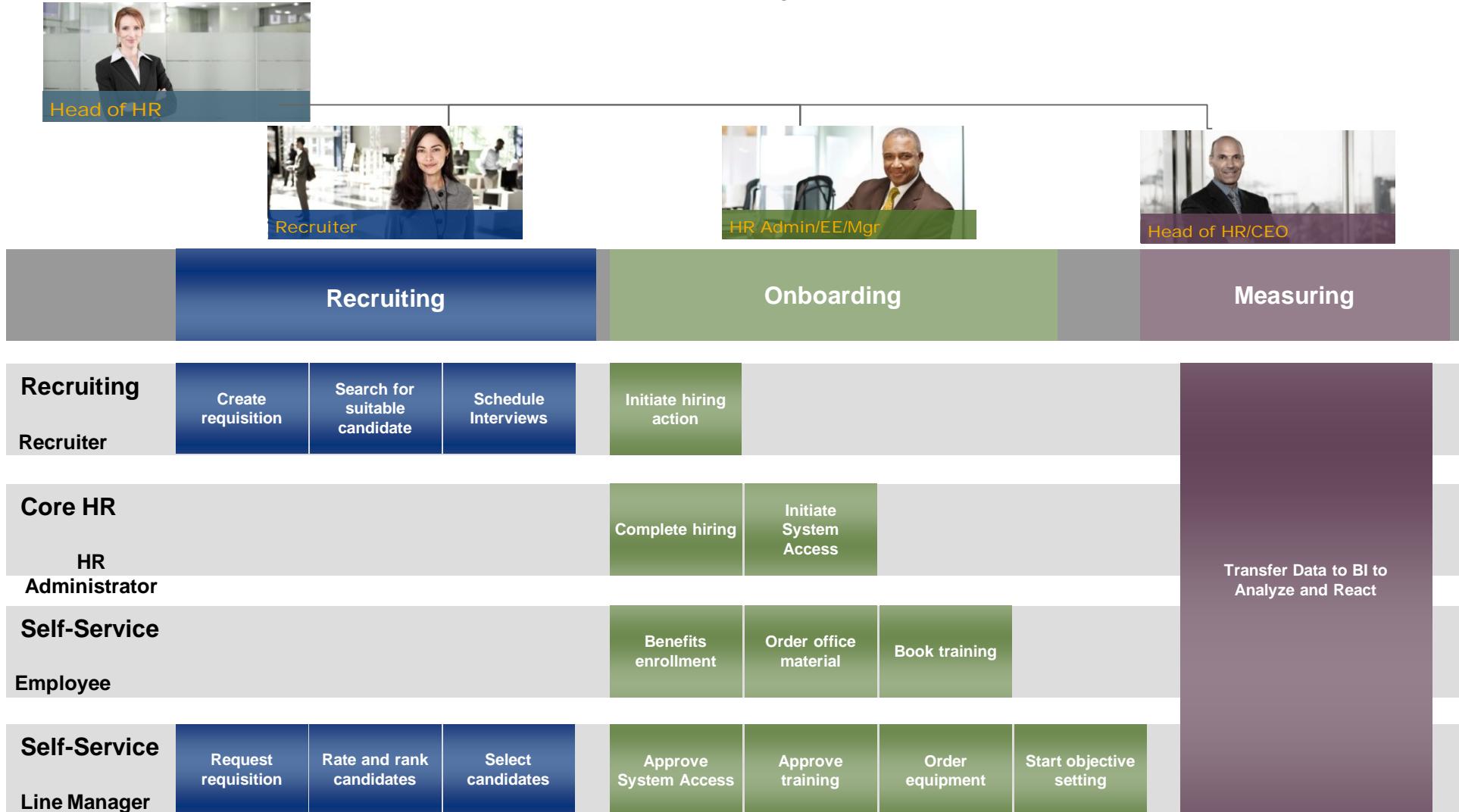
How do I determine if my staffing processes are successful?

- Quality of Hire*
- Diversity ratio of new hires
- Analysis of Terminations

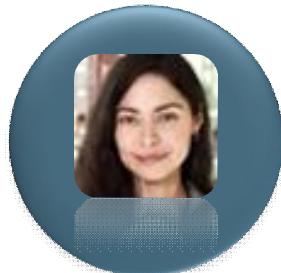
Build the Workforce by Connecting Processes and Functions



Build the Workforce is an end-to-end, cross-functional process to create an agile workforce and avoid business disruption



Recruiting Objectives, Issues, Capabilities & Benefits



Objective: Hire the best people faster

Best Practice Solution: Link people, technology and processes for recruitment success

Standardize and automate each step in the recruiting process - requisition management, sourcing, candidate screening, assessment, and selection

Issues

- Competition for available skilled talent
- Lack of one integrated system to automate and link major steps in recruiting process
- Non-standardized, non-automated processes
- No measurement of process effectiveness and quality of new hires so can't determine best hiring source
- No view of overall candidate pool

Key Business Capabilities

- Find, hire, retain qualified employees
- Increase speed of hire with consistent, scalable, automated processes, and better technology tools
- Ability to measure and determine best source of quality candidates
- Access one global internal and external candidate pool

Benefits

- Less business disruption
- Reduced sourcing time
- Reduced process costs
- ASUG – when best practice is fully adopted, reduce time-to-hire from 80 days to 48
- ASUG – when best practice is fully adopted 15-25% decrease in cost-per-hire

SAP Solution

Create requisition

Search for suitable candidate

Schedule Interviews

Request requisition

Rate and rank candidates

Select candidates

- SAP E-Recruiting with its tools to locate talent and support efficiently staffing procedures, including intelligent electronic screening, filtering, sorting, and ranking
- Manager Self-Services for requisition requests, rating and ranking as well as candidate selection
- Duet capabilities* as an optional user interface for scheduling interviews
- SAP Business Intelligence with analytical tools to analyze the staffing process

SAP Differentiators

- Integration with SAP ERP, SAP HCM, SAP Talent Management
- Single, global, candidate (internal and external) candidate pool
- Support for multiple languages, currencies and multilingual job postings
- Process definition and tracking functionality
- Integration with Adobe Forms (ex. Hiring manager creating requisitions)
- Integration with BI allows user to aggregate data from all sources
- Certified interface for service providers for resume parsing and background-check services

Onboarding Objectives, Issues, Capabilities & Benefits



Objective: Increase new employee retention

Best Practice Solution: Set up a holistic onboarding process to ensure engagement

Establish onboarding as a strategic business process to successfully immerse every new employee into the organization, its culture, and business and use standardization and automation for greatest effectiveness

Issues

- Lack of a defined onboarding strategy that provides the new hire with the tools, the network and the development activities they need to become productive fast
- No clear definition of who is doing what in the onboarding process
- The organization is not "ready" for the new hire
- Managers lack core competency to assimilate new employees

Key Business Capabilities

- Socialized, engaged, productive employee contributing to the business
- Increased time to productivity through automation and structured access to self-services
- Manager access to career planning, learning, performance management and workflow tools to support assimilation of new employees

Benefits

- New hires become productive much faster which leads to accelerated organizational productivity, innovation and quality, employee engagement
- Investment protection, lower recruiting costs, decreased business disruption
- Reduced administrative cost; organizational readiness; transparency
- Reduced new hire turnover

SAP Solution

Initiate hiring action

Complete hiring

Initiate system access

Benefits enrollment

Order office material

Book training

Approve system access

Manage equipment assignment

Approve training

Start objective setting

- SAP E-Recruiting
- SAP Employee Self-Services, Manager Self-Services
- SAP HR Administrative Services
- SAP Netweaver Identity Management
- SAP GRC Access Controls
- SAP SRM
- SAP Enterprise Asset Management
- SAP BI
- SAP Performance Management
- SAP Enterprise Learning

SAP Differentiators

- SAP delivers integration beyond HCM with Identity Management, SRM, Asset Management, GRC Access Controls, EH&S
- SAP delivers customizable portals for socialization and efficient delivery of relevant information
- Automated and compliant identity management and access controls
- Self-services for managers and employees with workflows help to organize and track the process

a1 I made the changes as agreed in the VS-Review meeting. Please have a look, if it makes sense. THX
D041137, 17/09/2008

Measuring Objectives, Issues, Capabilities & Benefits



Objective: Ensure transparency for improvement of staffing and onboarding processes

Best Practice Solution: Consistent measurement refines practices and improves satisfaction

Consistent measurement refines practices, identifies gaps, provides clear and actionable data and improves both employee and organizational satisfaction

Issues
<ul style="list-style-type: none">▪ Lack of standardized, measurable processes▪ Lack of analytical tools▪ Lack of transparency to kpis to measure against

Key Business Capabilities
<ul style="list-style-type: none">▪ Standardized, automated, measurable processes▪ Access to analytical tools with flexible deployment options for different business users

Benefits
<ul style="list-style-type: none">▪ Monitor progress and success of processes▪ Identify gaps and derive actions to improve effectiveness and efficiency of process▪ Ensure transparency and hit kpis – more results-oriented & efficient

Scheduling Challenge: Delivering high quality service



Questions:

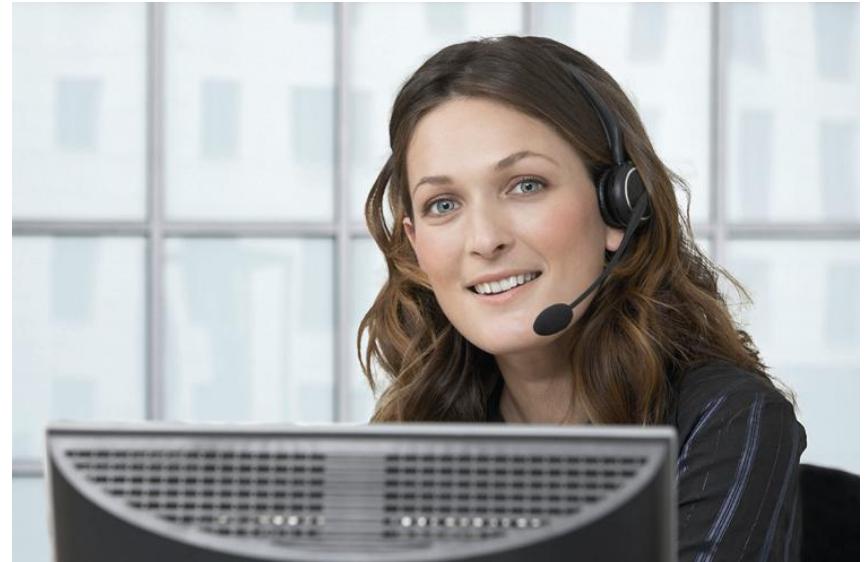
- What time to promise the customer?

Issues:

- Resources availability and skills
- Parts and priorities

Business Requirement Fulfilled:

- Fulfil promised appointments
- Meet regulations and SLAs
- Exceed competition
- Provide high-quality schedules



Scheduling Challenge:

Responding real-time to dynamically changing events



Questions:

- How can we get this information in real-time?

Issues:

- Real-time traffic updates
- Understanding impact of event
- Mobile devices/synchronization

Business Requirement Fulfilled:

- Move from 'fire-fighting' to agile, effective response
- Maintain high utilization and efficiency even with constantly changing events
- Reduce paperwork



Scheduling Challenge:

Making the right decisions based on real-time information



Questions:

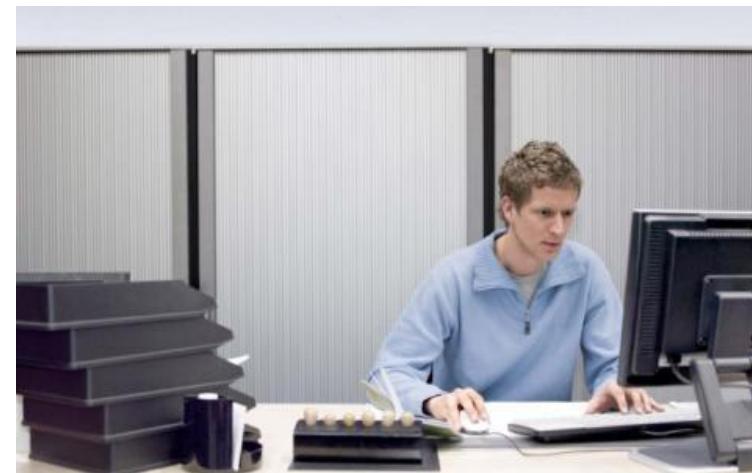
- How is my region performing?
- What are the tasks with the most exceptions?
- Where do I need to develop employee skills?

Issues:

- Reporting
- Drill-down analytics
- Instant KPI measurement; exception alerts

Business Requirement Fulfilled:

- Real-time information for excellent decisions
- Mobile workforce-specific reports and analytics
- Quality data for future forecasting
- Risk management



Scheduling Challenge:

Recruiting the right workforce for the short-term and long-term



Questions:

- Do we have the right capacity with the right skills at the right locations for this week and next quarter?
- Should we resolve any gaps through subcontracting, hiring, training, overtime?

Issues:

- Forecasting using history as well as operational plans
- Planning/‘what-if’
- Linking plans to execution

Business Requirement Fulfilled:

- Just right' capacity to match changing demand
- Controlling demand to match available capacity
- Deliver on customer SLA



Scheduling Challenge: Optimizing workforce productivity while juggling several projects



Questions:

- Who does what when?
- Can we take a resource out of a crew for an hour to handle a nearby emergency?

Issues:

- Crews/multi-stage tasks
- Idle time
- Complex business rules
- Workforce convergence/subcontractors

Business Requirement Fulfilled:

- Maximize productivity
- Fulfill obligations and safety policies
- Perform urgent tasks - and meet longer range commitments
- Reduce employee fatigue



Scheduling Challenge: Building the right schedules to meet the right demand



Questions:

- What is the ideal allocation of resources to shifts to best meet anticipated workload?

Issues:

- Shift planning in order to balance demand coverage, employee preferences and cost
- Who should work on what day/shift and when is the right time for vacations and days off?

Business Requirement Fulfilled:

- Automate planning
- Optimize coverage and shift schedules
- Satisfy engineers within/without the bounds of working rules and regulations
- Synchronize planning decisions across organization



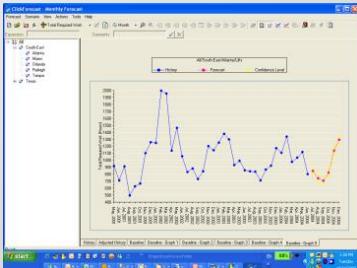
SAP Workforce Scheduling and Optimization by ClickSoftware Solution



Enables customers to:

1

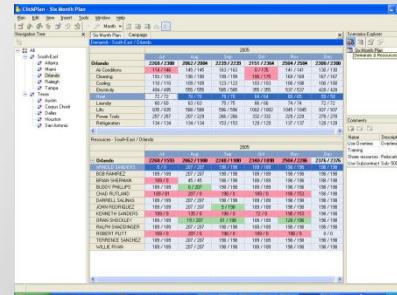
Anticipate varying customer demand...



ClickForecast

2

Ensure just enough resources to meet the demand...



ClickPlan

4

At the right place and the right time.

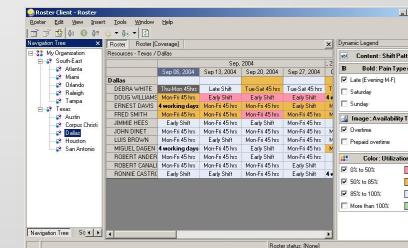


ClickSchedule

ClickLocate

3

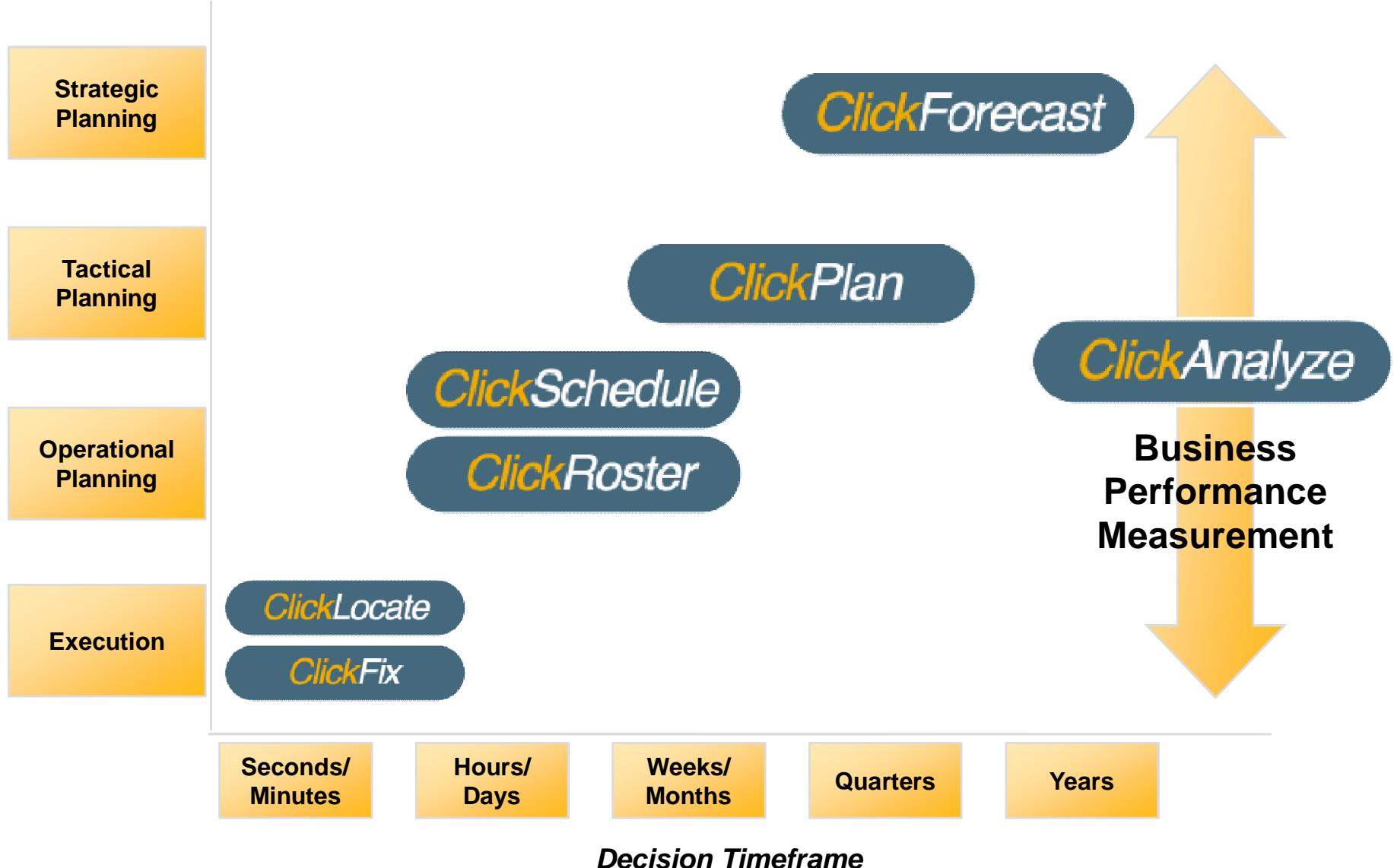
...Allocated to the right shift with the right skills...



ClickRoster

ClickAnalyze

Covering the full spectrum of decision support for service organizations

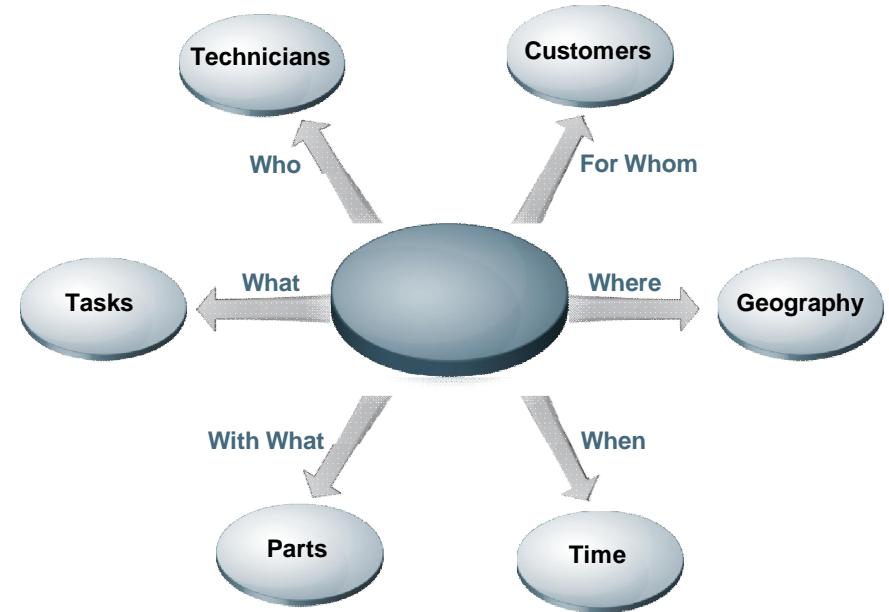


W6 Paradigm: A powerful, rich framework for human resource management

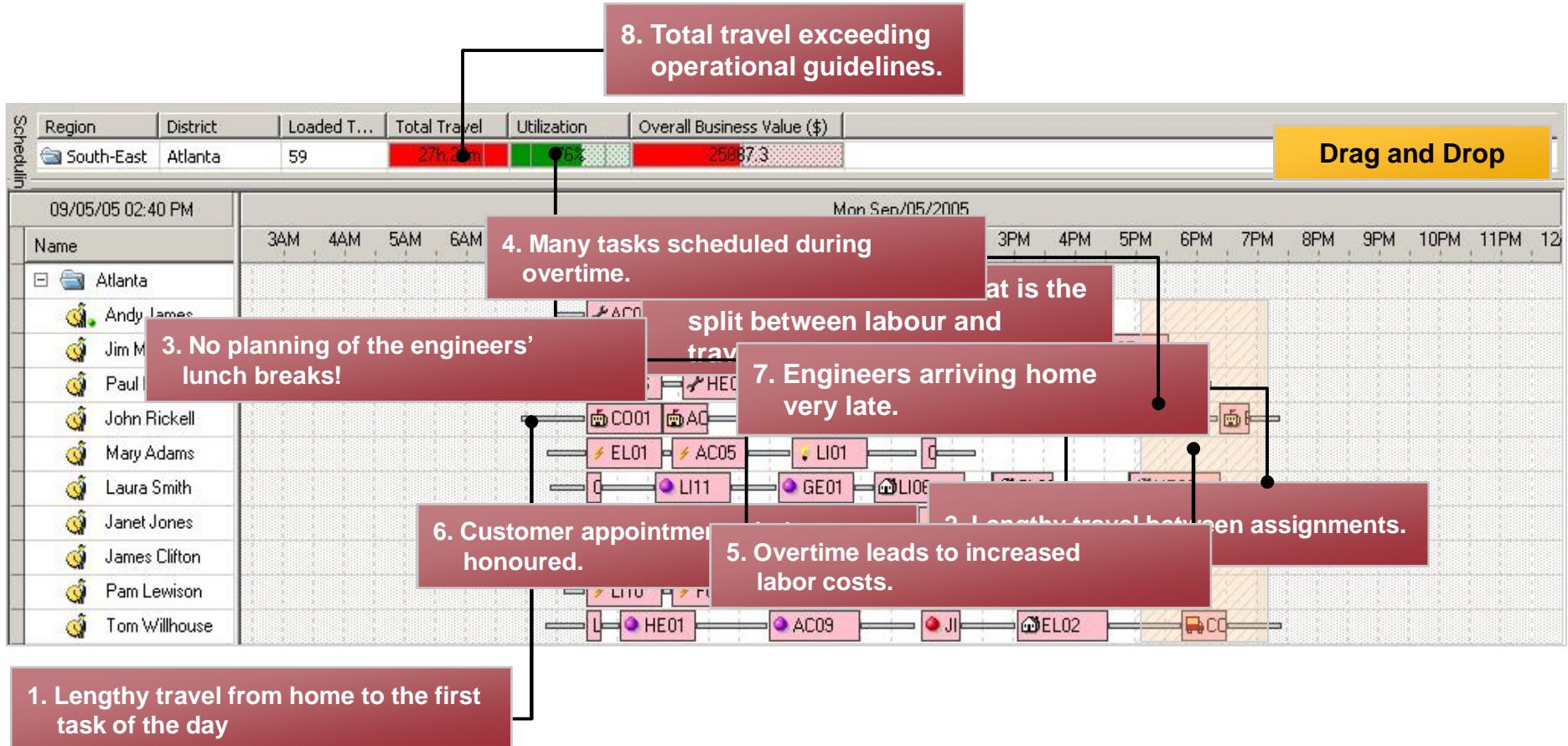


Scheduling: In a given day: who is scheduled to do what, for whom, where, when, and with what (W6)?

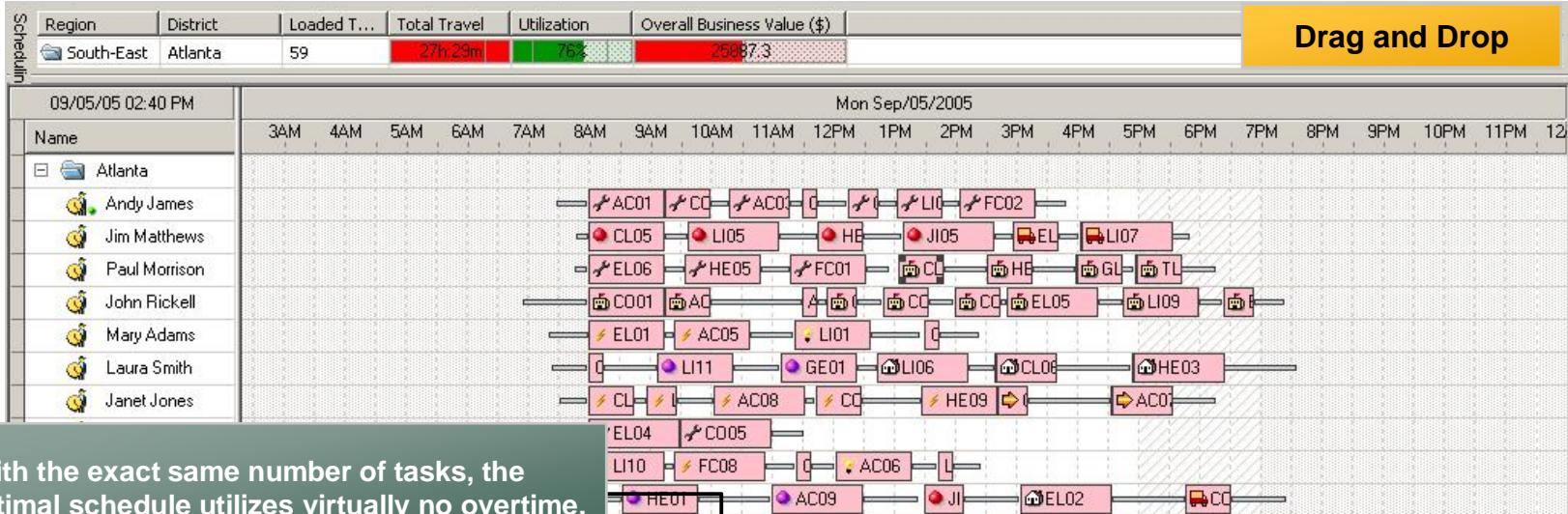
- **Who – The required resource, professional**
- **What – Type of job (duration, complexity, priority)**
- **Where – Onsite, remote office**
- **When – How quickly does the job have to be done? SLA's?**
- **For Whom – Business or consumer, special requirements/preferences**
- **With What – Parts required to complete the job**



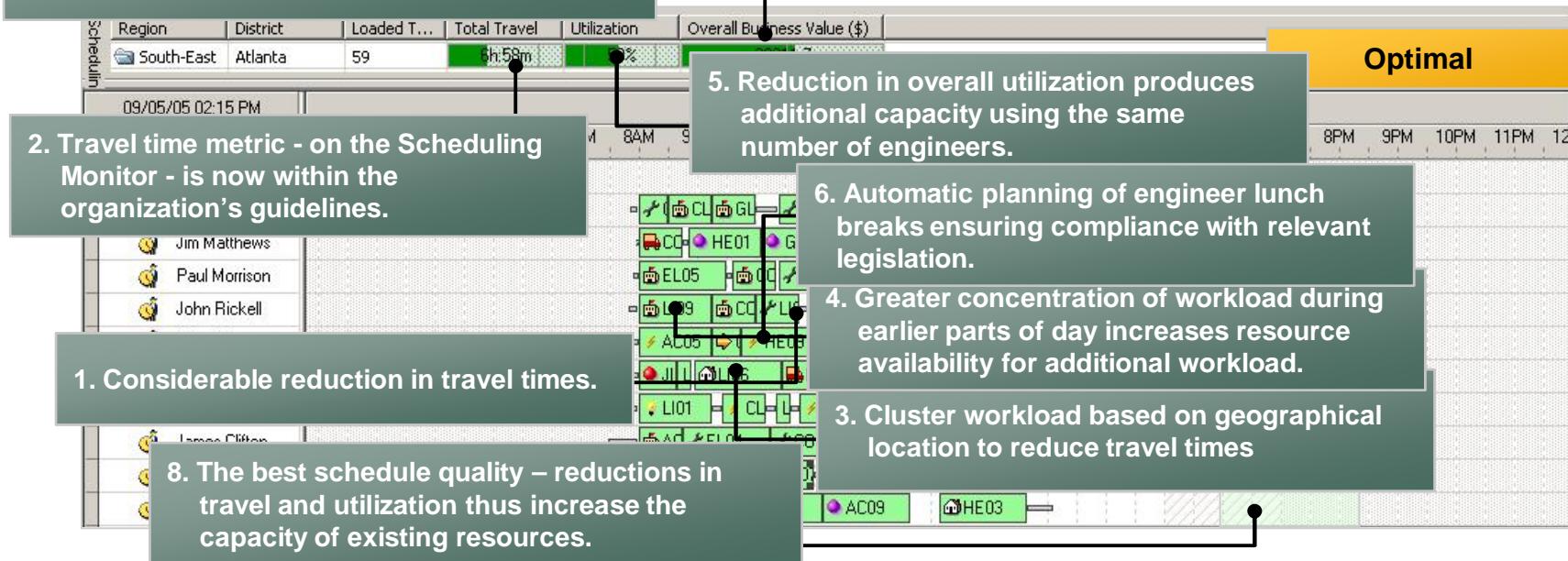
Schedule Comparison



Optimization is what drives the value



7. With the exact same number of tasks, the optimal schedule utilizes virtually no overtime.



SAP service and maintenance scheduling

Satisfy customers with optimal field service

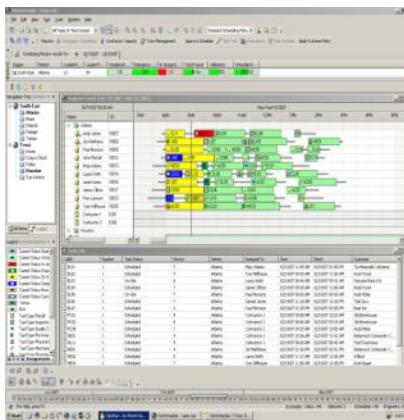


ClickSchedule

ClickLocate

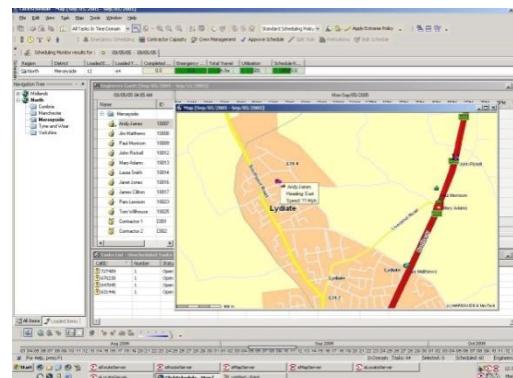
ClickAnalyze

Day of Service



Monitor and manage daily schedule of technicians on a minute-to-minute basis

Location-Based Services



Reflects the real-time location of technicians and takes it into account when scheduling tasks

Post Service Analysis



Gain insight and analyze service performance allowing proactive departmental management

ClickAnalyze historical information is input to ClickForecast to facilitate future forecasts built on actual scheduling data

SAP forecasting and rostering

Optimize employee productivity



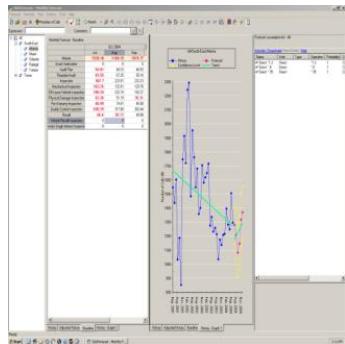
ClickForecast

ClickPlan

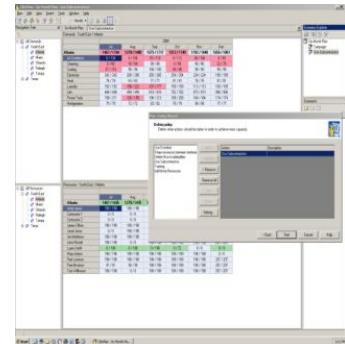
ClickRoster

ClickAnalyze

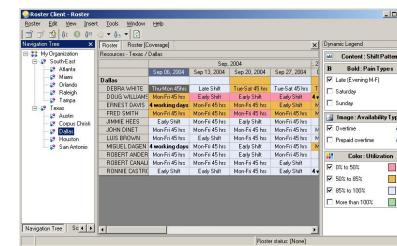
Years/months/days before
day of service



Years/months/days before
day of service



Months/weeks/days
before day of service



Post Service Analysis



Develop Future
work demand
forecasts for
months/years in
advance

Align resource
capacities with
future work
demand forecasts
– years/months in
advance

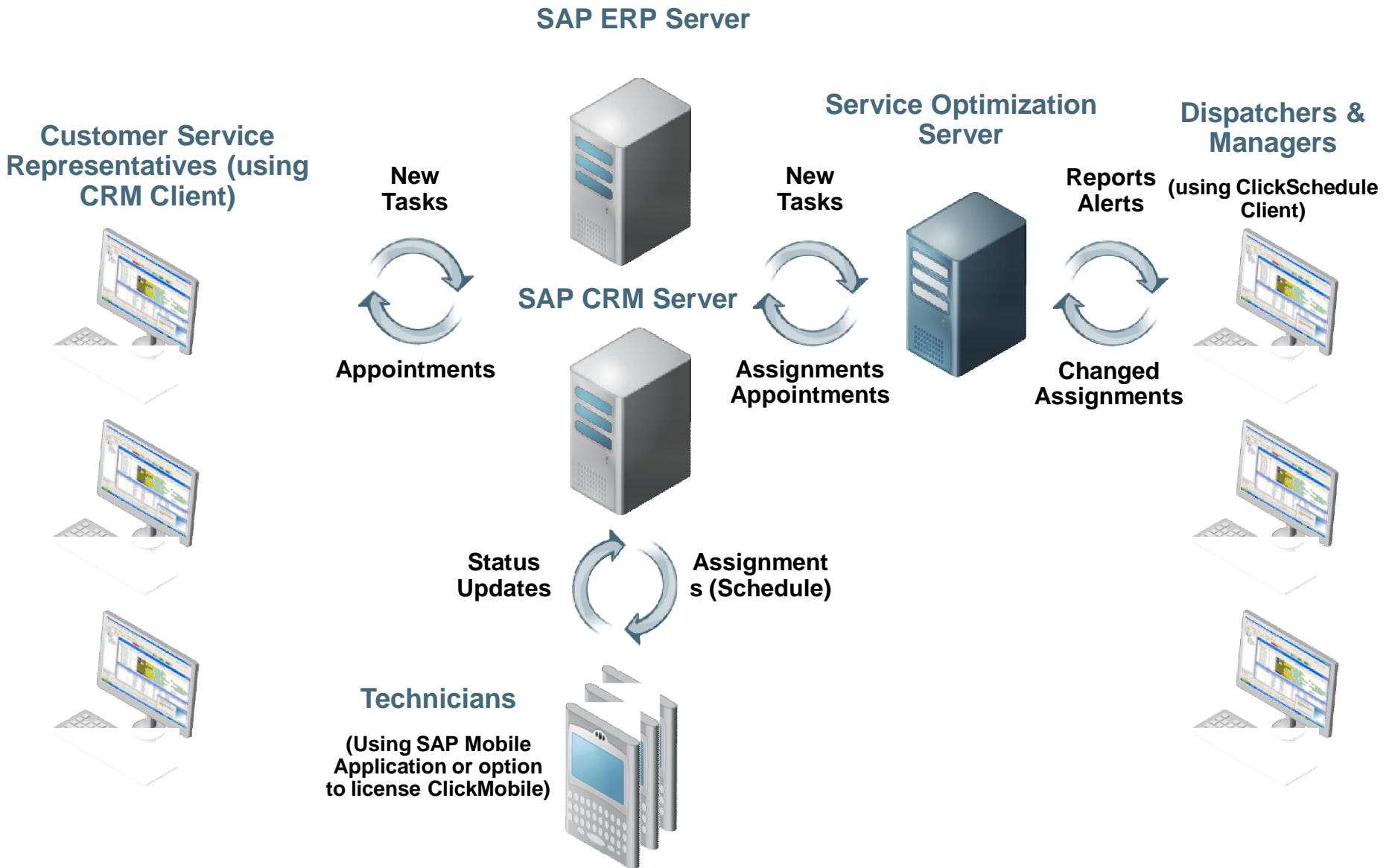
Plan shifts in order
to balance demand
coverage,
employee
preferences,
regulations and
cost

Gain insight and
analyze service
performance
allowing
proactive
departmental
management



ClickAnalyze historical information is input to ClickForecast
to facilitate future forecasts built on actual scheduling data

Solution architecture



Best Practice Value Scenario

O&G – ASSET SAFETY & COMPLIANCE



THE BEST-RUN BUSINESSES RUN SAP™



Today's Realities for Managing Asset Safety and Compliance



The New York Times
Industry Fines Increase for Safety Violations...

THE WALL STREET JOURNAL.
Corporate Compliance Costs Rise to All-Time High...

DIE ZEIT
Green, Green, GREEN !

INTERNATIONAL
Herald Tribune
What Is Environmental Sustainability?

FT.com
FINANCIAL TIMES
Growing List of Regulations Haunt Manufacturers...

WSJ.com THE WALL STREET JOURNAL.
ONLINE

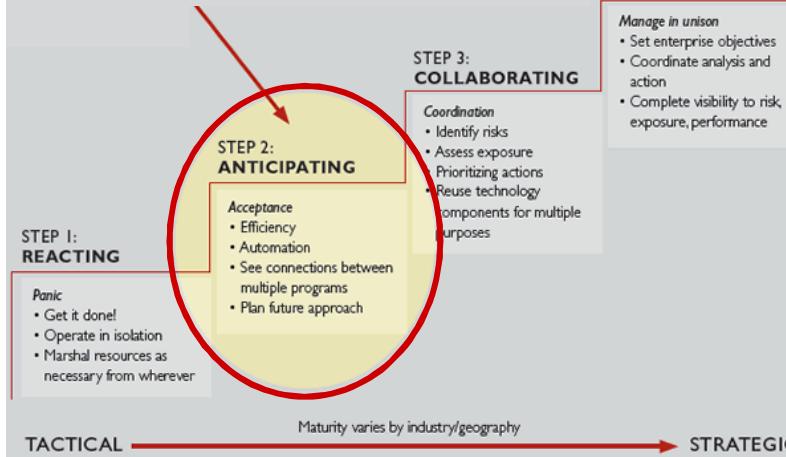
Spending on global regulation and compliance to double by 2010 to over \$70B USD

May 14, 2008

AMR Forecasts 8% growth in compliance spending for 2009 approaching \$35 B USD / yr

Ap r 2, 2008

Where most organizations are today...



© 2006 AMR Research. All rights reserved.

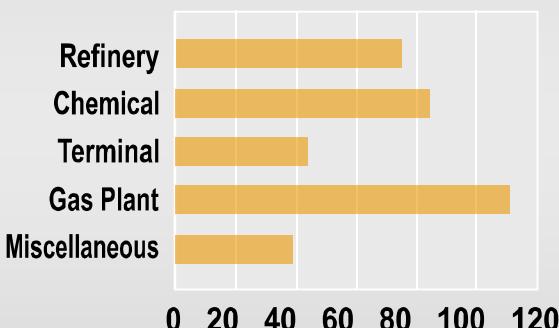
Baker Report: PSM



Losses from Preventable Causes has Driven Response from Standards & Regulatory Bodies

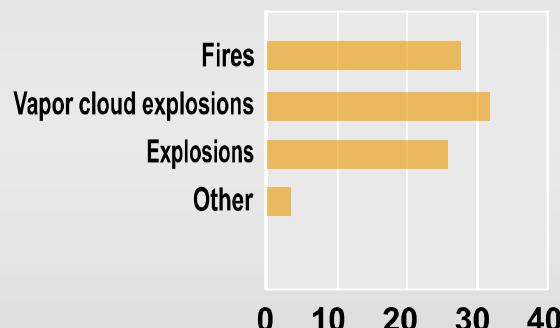


1 Losses by Industry (MM\$)

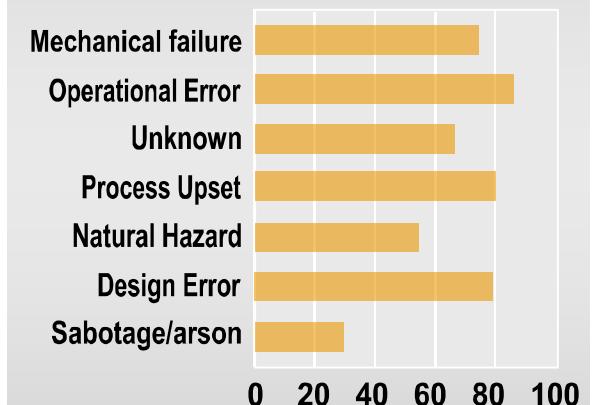


Source: J&H Marsh & McLennan, Inc.

2 Percentage of Loss Type



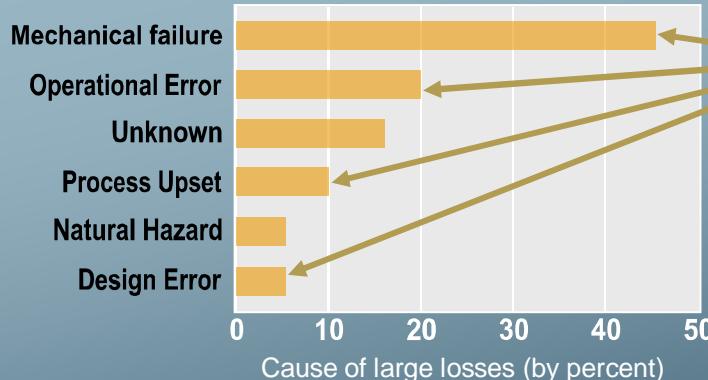
3 Loss by Cause (MM\$)



Losses continue to occur across many industries

Types of incidents are catastrophic

Causes are varied and often interrelated



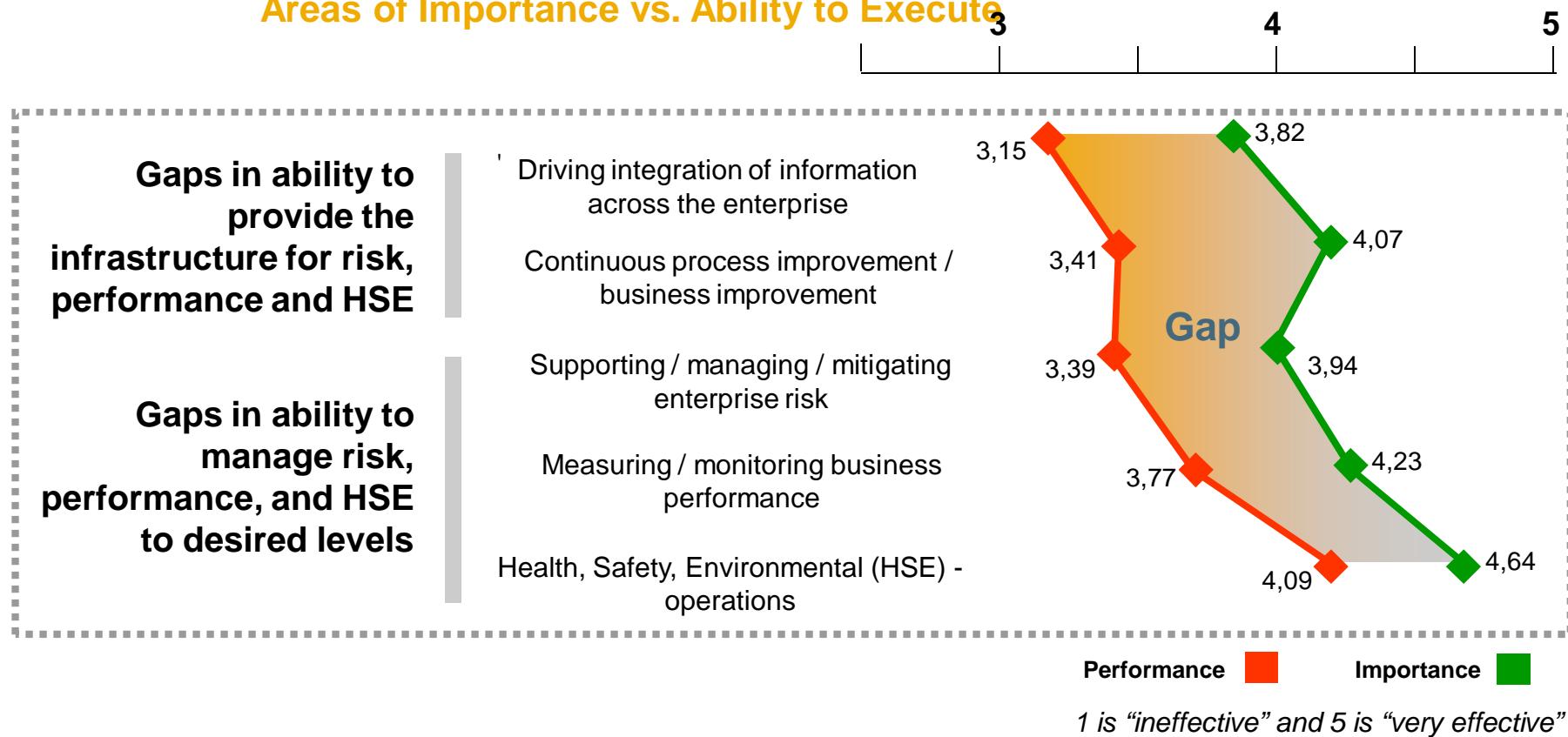
Preventable causes have led to a number of initiatives requiring risk management systems

- Process Safety Management (PSM)
- New Sources Review (NSR)
- Risk Management Program for Accidental Chemical Release (RMP)
- ACC - Responsible Care (RC)
- Recommended Practice 750

Companies have a desire to manage risks vs.
their ability to execute...



Chemical and Petroleum Executive Ranking on:
Areas of Importance vs. Ability to Execute



Today there is a performance GAP between
what is needed and what can be delivered...

Source: IBM Institute for Business Value Risk Management Survey, 2008

What does this mean for your Business?



- How do I meet all external and internal environmental, health and safety (EHS) requirements and prevent serious incidents or catastrophes?
- How do I gain visibility to EHS risks and performance and manage local processes having no integrated solution?
- How do I manage environmental compliance effectively and avoid negative impact to the companies image?
- How do I execute and track a health, safety and certification program?
- How do I ensure safe operations through cost effective maintenance and reliability programs?

Aligning Stakeholders to Achieve Asset Safety and Compliance



Asset Safety and Compliance is best achieved through aligning key stakeholders objectives and supporting the realization with an integrated solution.



Chief Compliance Officer



COO or
VP Manufacturing



Plant Manager,
Environmental Engineer



Plant Manager,
Industrial Hygiene and
Safety Officer



Plant / Maintenance /
Engineering Manager

Asset Safety and Compliance

How do I meet all external and internal EHS requirements and prevent serious incidents?

- Cost of Enterprise EHS Compliance
- Corporate Fines & Penalties
- Safety Record
- Public Reputation

Keep the Stakeholders Informed and Involved

How do I gain visibility to the status of EHS risks and performance?

- EHS Incidents
- EHS Performance Metrics
 - EHS Risks
 - Overdue Risk Mitigations and Tasks

Keep the Environment Safe

How do I manage efficiently emissions, GHG, energy and worldwide compliance?

- Notices of Violations
- Emissions to Water, Air (including Green House Gas), etc.
- Energy Consumption

Keep the People Safe

How do I execute a health and safety program ensuring policies are followed globally?

- Injuries and Near Misses
 - Fatal Incidents
- Lost Time Injury Rate
 - New Cases of Occupational Illnesses
 - Safety Trainings

Keep the Assets Safe

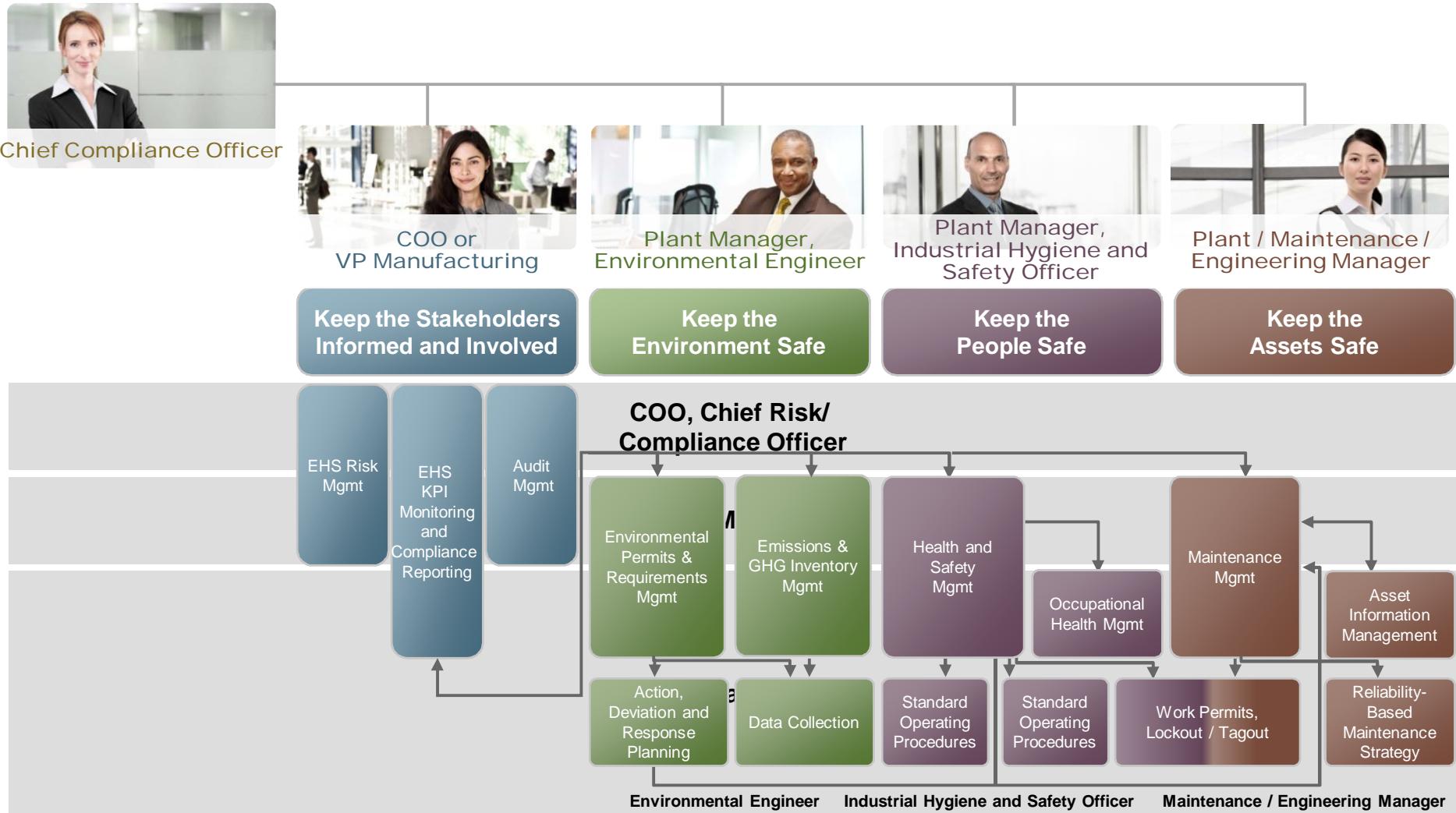
How do I ensure safe operations through cost effective maintenance?

- Overdue Maintenance of Safety Critical Equipment
- Ratio Planned / Unplanned Maintenance
- Work Permits
- Maintenance Costs

Asset Safety and Compliance is an end-to-end, cross-functional process



Asset Safety and Compliance connects the stakeholders with the operational management of safety for the environment, the people and the assets. This enables you to stay compliant, to create a proactive safety strategy and realize it in daily operations.



Keep the Stakeholders Informed and Involved

Objectives, Issues, Capabilities & Benefits



Objective:

Assurance that safety and compliance standards and processes are being executed across enterprise

Best practice solution:

- Visibility and proactive management of operational risks
- Corporate performance monitoring on environment, health, safety & compliance

Issues

- Accidents or incidents show unforeseen risks and lead to short term safety programs
- Lack of transparency and standardization of local EHS activities and high manual efforts
- External and internal audits create huge efforts
- Costly collection of local data, lack of comparability, inconsistent KPI's
- Risk of severe incidents that could harm people, damage image and lead to be called to account

Key business capabilities

- Closed loop risk management including risk mitigation and prevention
- Consolidate information and processes on an integrated, scalable and flexible platform
- Auditable business processes and audit management solution that meet ISO 19011 standard
- Visibility into operational performance metrics, enabling drill down to specific data
- Effective management and control of risks, processes and preventive measures.

Benefits

- Effective anticipation of risk leads to improved prevention of incidents.
- Safe time and money for inefficient Ad hoc activities as "firefighting"
- Reduce cost of compliance and best practices can be shared
- Ensure with moderate effort that internal and external standards are met
- Easy to use monitoring to ensure compliance objectives are being met
- Improve corporate EHS standards and prevention to minimize risks

Keep the Stakeholders Informed and Involved



SAP Solution

Corporate
EHS
Risk
Mgmt

Corporate
EHS KPI
Monitoring
and
Compliance
Reporting

Audit
Mgmt

- SAP GRC Risk Management
- SAP NetWeaver BI / SAP Environmental Compliance / SAP EH&S/ SAP ERP, optionally: Business Objects, SAP MII
- SAP ERP (Audit Management)

- Closed loop risk management allows to perform EHS risk analysis, monitor measures for risk mitigation and prevention, and results.
- Visibility into operational performance metrics, enabling drill down
- Compliance reporting to external authorities
- Audit management solution that meet ISO 19011 standard

SAP Differentiators

- SAP provides the only integrated, operational risk management solution among ERP vendors; bringing together safety, compliance and performance monitoring and reporting capabilities.
- Enabling customers with greater visibility and flexibility to access corporate and plant information when necessary to improve decision-making or take immediate actions.

Keep the Stakeholders Informed and Involved

Corporate EHS Risk Management



SAP GRC Risk Management automates key risk management business processes, enabling companies to prevent risk events and embed risk mitigations into enterprise strategies and initiatives.



Process overview



Keep the Stakeholders Informed and Involved

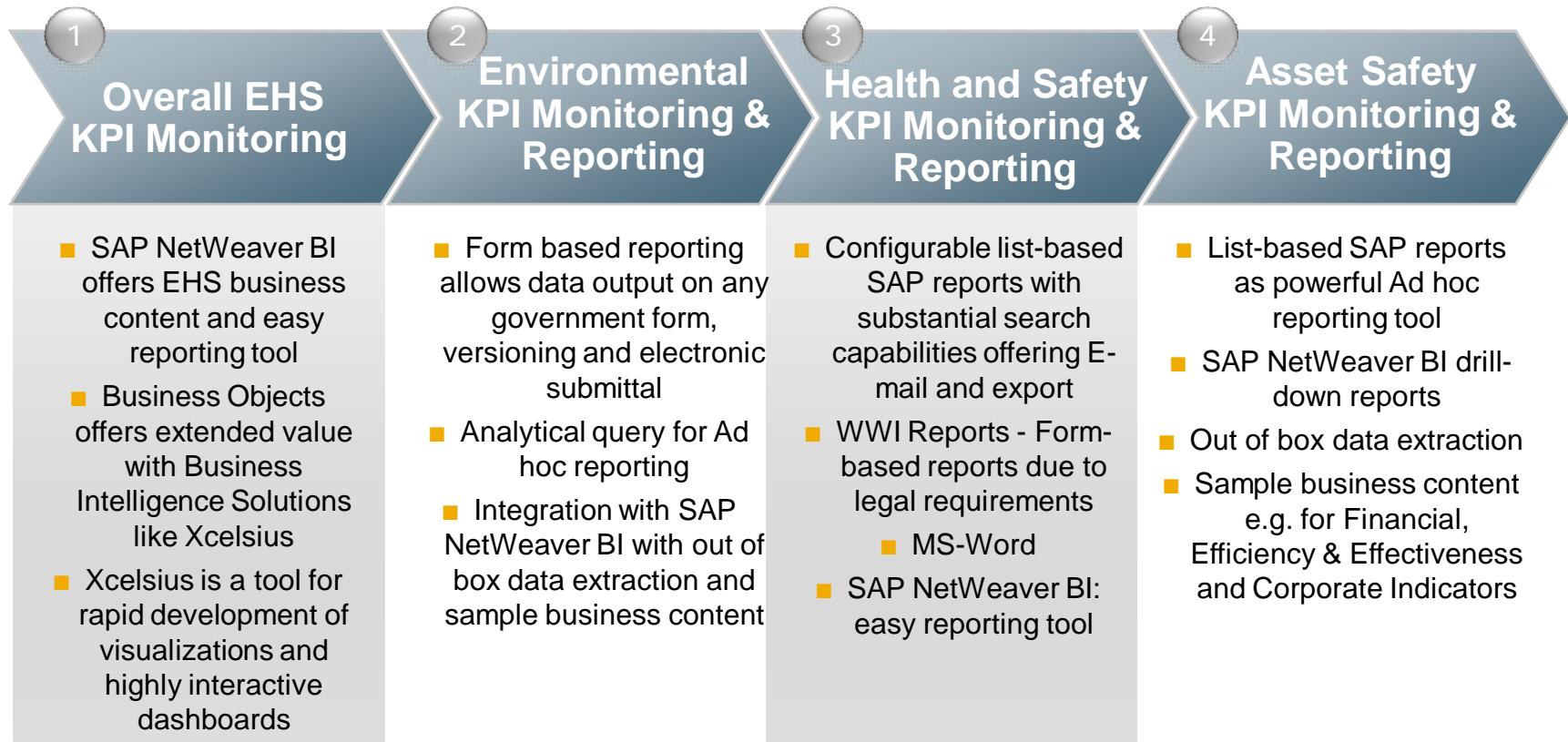
Corporate EHS KPI Monitoring and Compliance Reporting



For environment, health and safety KPI monitoring and for internal and external reporting SAP offers flexible options and tools that fit to the individual needs of the different users.



Process overview



Keep the Stakeholders Informed and Involved

Audit Management



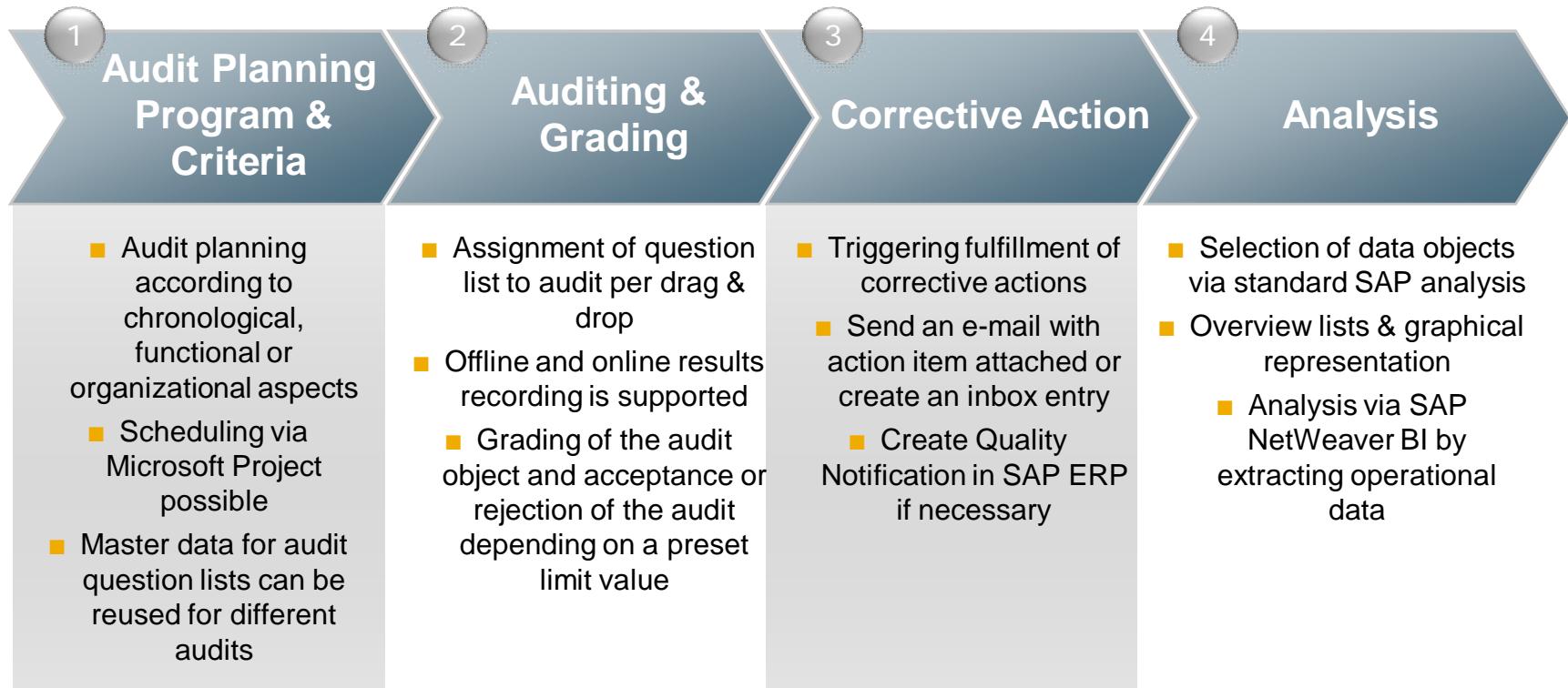
Audit Management is a flexible and easy-to-use tool that covers planning, execution, and evaluation of all kinds of audits

Corporate
EHS
Risk
Mgmt

Corporate
EHS KPI
Monitoring
and
Compliance
Reporting

Audit
Mgmt

Process overview



Keep the Environment Safe

Objectives, Issues, Capabilities & Benefits



Objective:

Run business operations in accordance with environmental laws and company policies to avoid or reduce pollution, safe energy and prevent brand image exposure

Best practice solution:

Company-wide transparency, management and measurement of:

- applicable environmental laws and company policies
- emissions and resource usage

Issues	Key business capabilities	Benefits
<ul style="list-style-type: none">■ Complexity of regulation frameworks and frequency of change■ Unable to easily fulfill required regulations (state, federal, and international)■ High cost of compliance due to manual efforts and disparate systems■ Lack of early warning system for deviations and critical issues<ul style="list-style-type: none">■ Direct operational and financial impacts	<ul style="list-style-type: none">■ Integrated database and company-wide transparency regarding compliance with relevant regulations<ul style="list-style-type: none">■ Consistent, auditable and transparent business processes■ Integration into SAP ERP and 3rd party systems■ Flexible early warnings and alerts■ Emissions and Energy Management■ Basis for trading with emissions certificates	<ul style="list-style-type: none">■ Improved processes and lower total cost of compliance<ul style="list-style-type: none">■ Reduce workload■ Enables total compliance achievement■ Reduced energy costs■ Create revenue by selling free capacities of certificates■ Reduced risk of incidents and fines

Keep the Environment Safe



SAP Solution

Environmental Permits and Requirements Mgmt

Emissions & GHG Inventory Mgmt

Action, Deviation and Response Planning

Data Collection

- SAP Environmental Compliance
- Optionally: SAP MII to collect data

- Management of permits, licenses and requirements
- Inventory Management of emissions like Green House Gases and GHG credits
- Predefinition and handling of early warnings, alerts and measurements
- Incidents management
- Data collection for emissions, consumptions and measurements
- Internal and external reporting

SAP Differentiators

- Enterprise wide platform assuring compliance with environmental laws and internal policies
- Reduces operative costs, rising costs for energy and emissions certificates, management effort and non-conformance risks
 - Seamless integration with the operations control data and SAP modules
 - Consistent, auditable, transparent, and automated business and processes

Keep the Environment Safe

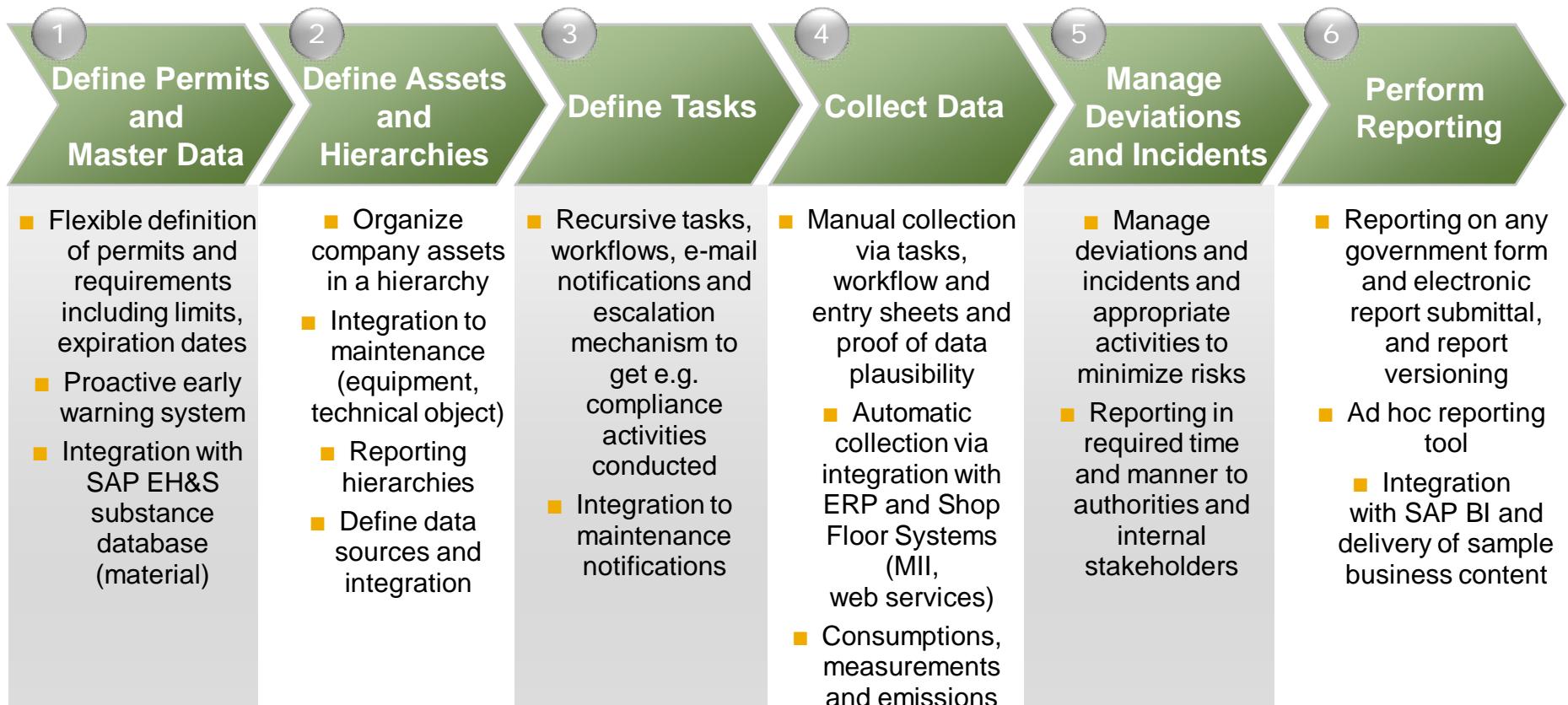
Environmental Permits and Requirements Management



SAP Environmental Compliance provides an enterprise wide platform to run business operations in accordance with permits, legal or internal requirements to assure compliance and avoid, limit, or reduce pollution of the environment.



Process overview



Keep the Environment Safe

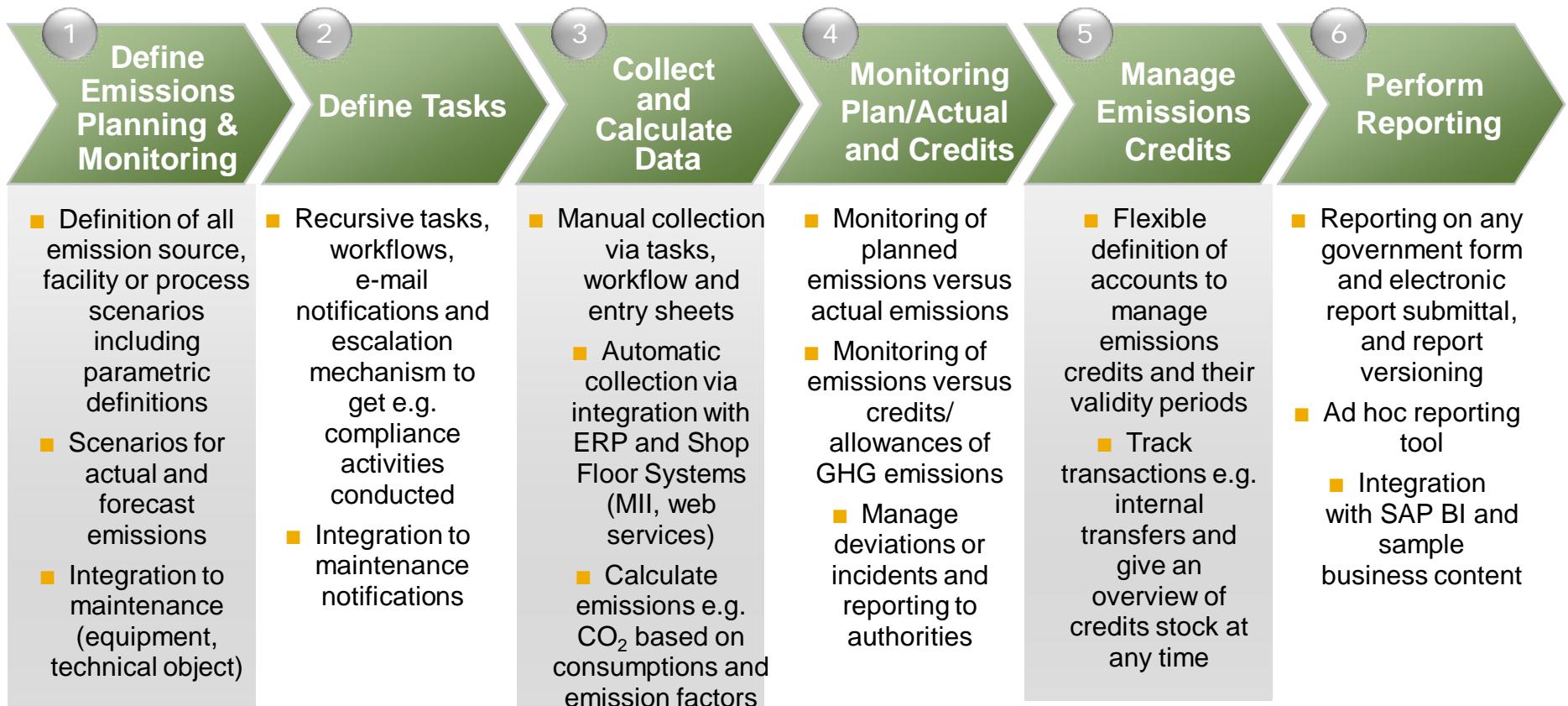
Emissions & GHG Inventory Management



SAP Environmental Compliance provides the management of emissions of Green House Gas (GHG) as well as other air or water emissions to fulfill legal requirements. This enables e.g. CO₂ and GHG emissions reporting and management of allowances according to the European or Australian GHG trading schemes.



Process overview



Keep People Safe

Objectives, Issues, Capabilities & Benefits



Objective:

Proactive health, safety and certification program ensuring policies and guidelines are followed globally

Best practice solution:

Closed loop processes including risk and exposure assessments, standard operating procedures, safety measures, certificates, health surveillance, incident management.

Issues

- Lack of integration and process control
 - High risk of non compliance and personal reliability for workers
 - Need to ensure details like:
 - What are the exposures?
 - What measures have been taken?
 - Have the necessary preventive medical check-ups been carried out?
 - Did employees follow the right trainings?
- Need to protect maintenance workers e.g. against electricity or radiation.

Key business capabilities

- Streamlines collaboration between IHS professional, first-aider, asset management, HR department, and external authorities
 - Health and safety management incl.
 - Risk and exposure management
 - Accident Management
 - System-controlled tracking of safety measures
 - Medical management
- Automated generation of SOPs and safe handling of hazardous substances
 - Safety trainings and certificates
 - Lockout/tagout and work permits

Benefits

- Streamlined processes
- Reduced effort for investigation
- Standardized capture of legally required information
- Complete documentation of all processes
- Reduced time and costs
- Guarantee that each employee receives the necessary health surveillance protocols
- Assure health of all employees and contractors



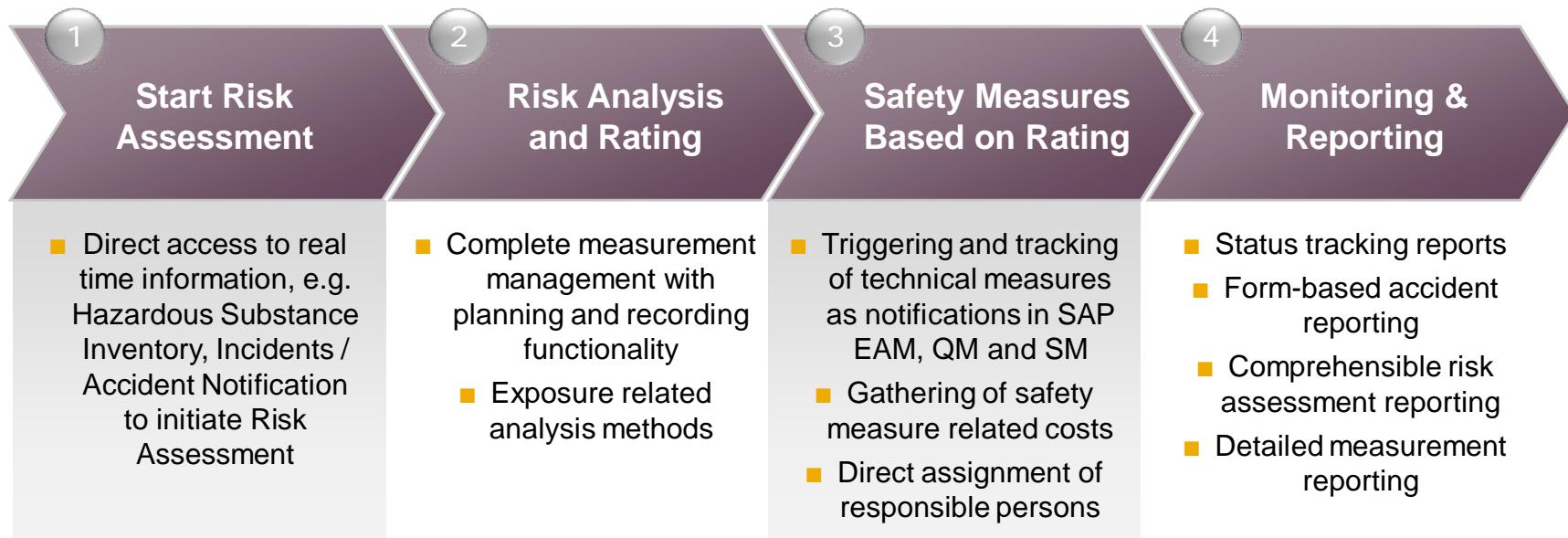
“SAP EH&S replaces the maze of stand-alone country-specific solutions that are like small country lanes – and provides us with a fast, multilane highway for the integrated environment, health, and safety business.”

Dr. Peter Schmidt, Sanofi-Aventis

Manages industrial hygiene and safety including risk assessment, incident / accident logs, ERP integration of safety measures, and compliance reporting.



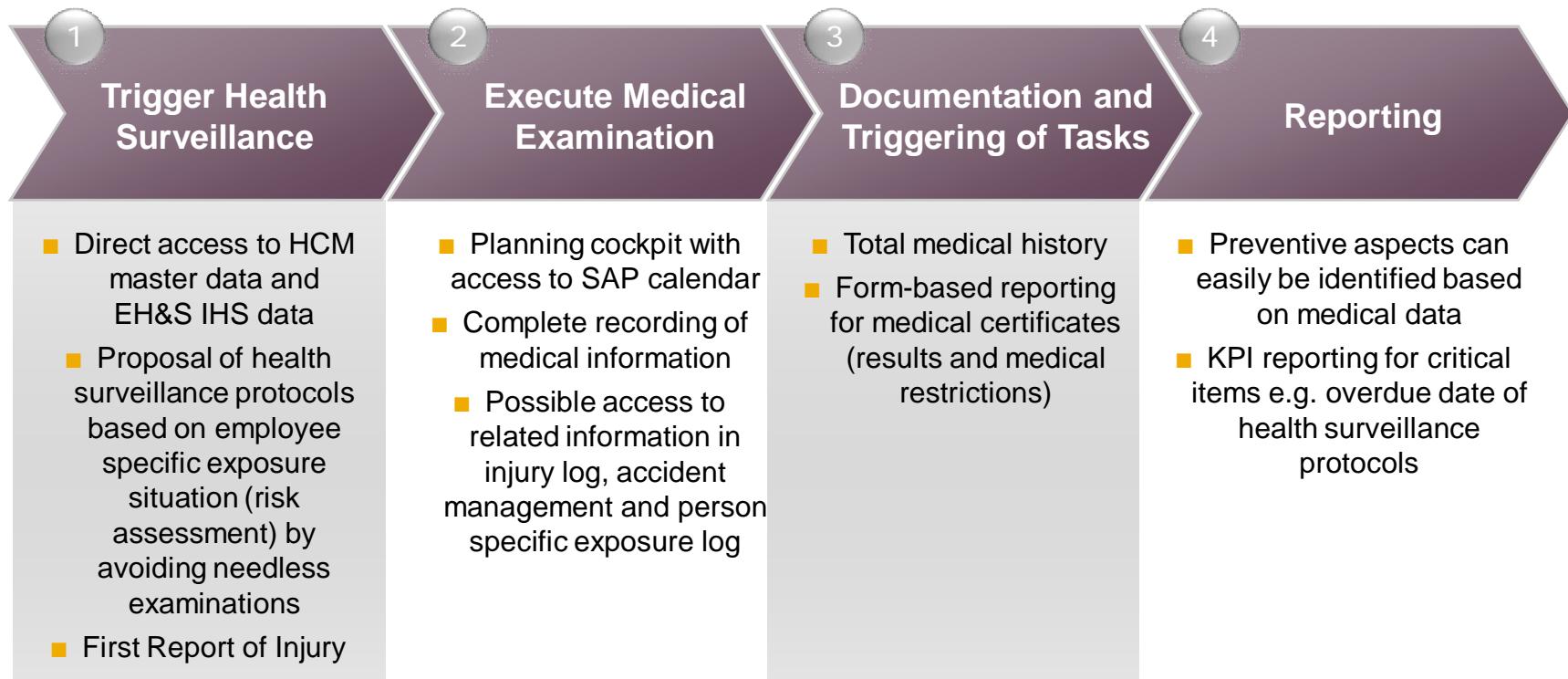
Process overview



Sales forecast collaboration enables managers, sales executives, and planners to jointly deliver a sound sales forecast



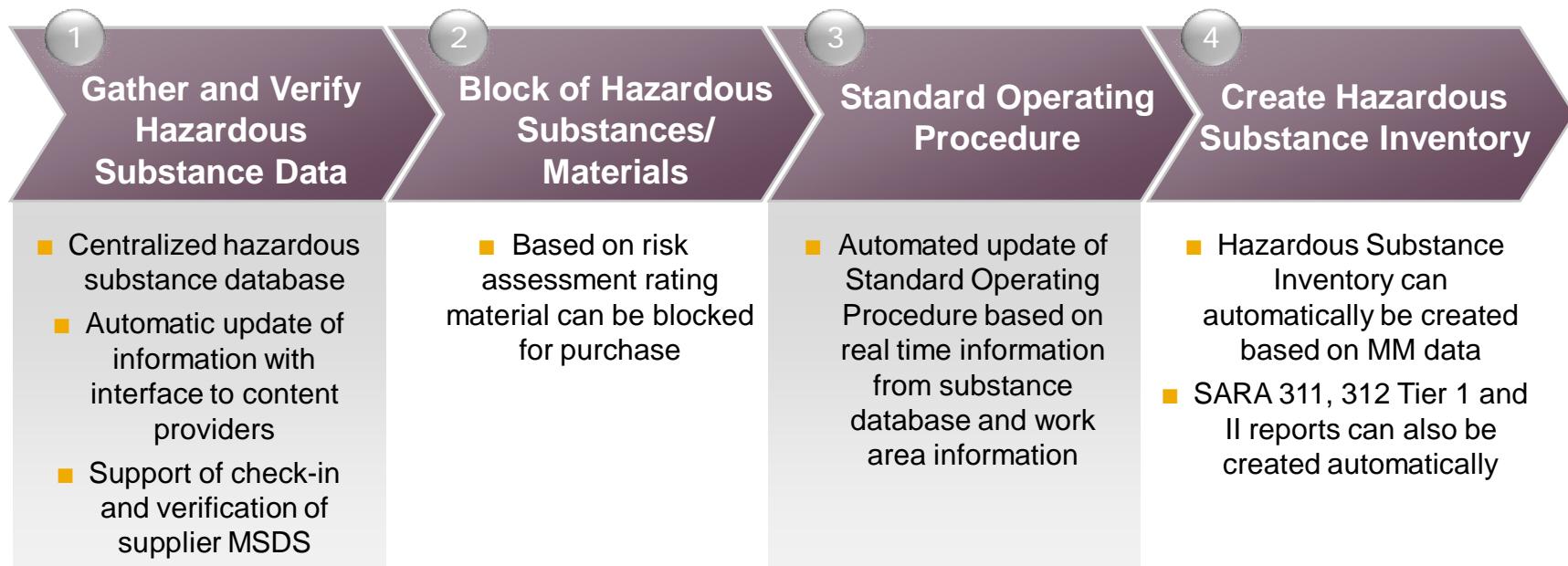
Process overview



Enables safe handling and tracking of hazardous substances that exist in designated areas of the enterprise.



Process overview



SAP Enterprise Learning Environment enables employees to be up-to-date with the latest safety norms and procedures, undertake refresher courses and it helps managing expiring certifications.



Process overview



Keep Assets Safe

Objectives, Issues, Capabilities & Benefits



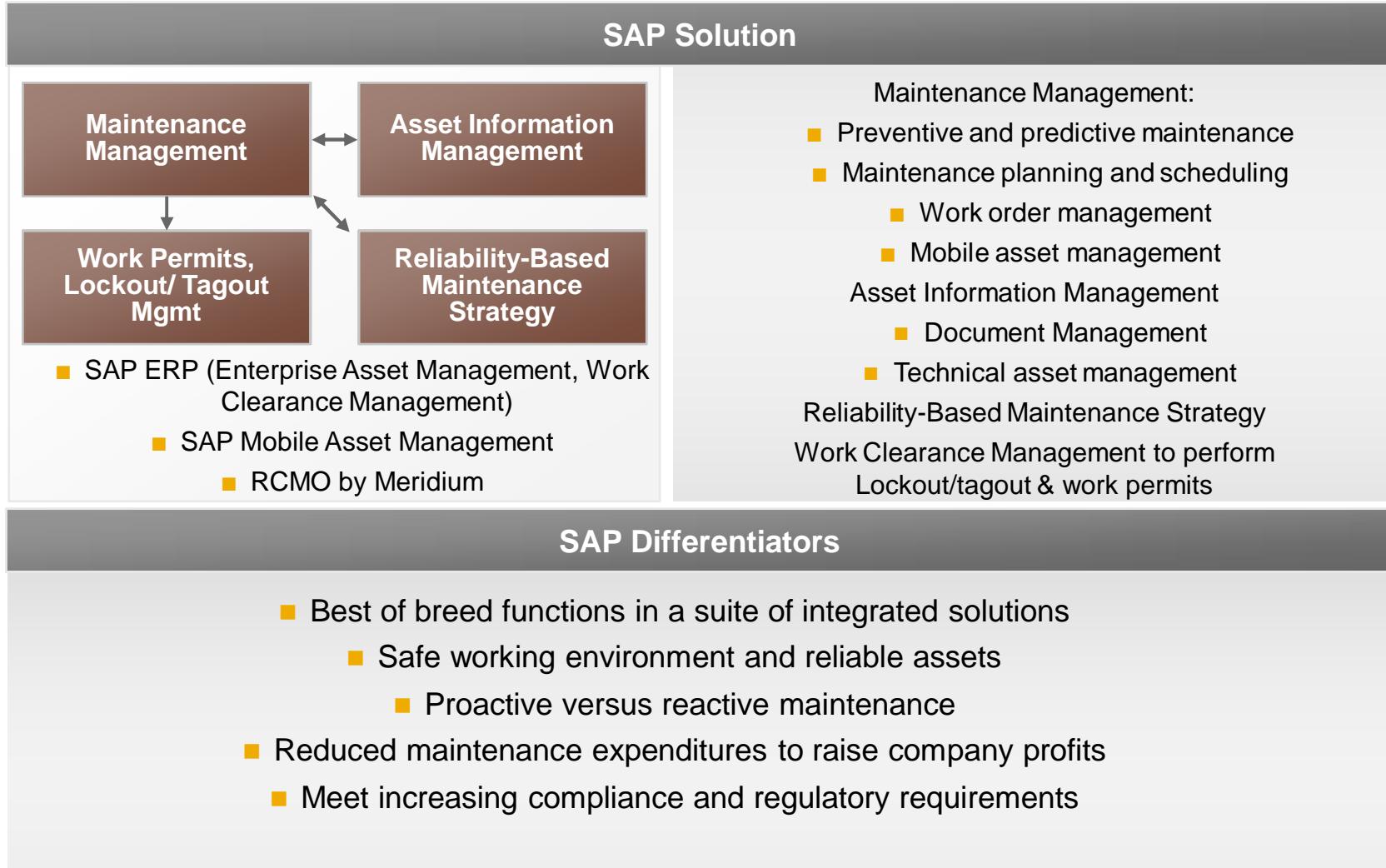
Objective:

Ensure safe operations, avoid incidents that harm people or the environment and improve asset productivity

Best practice solution:

Adapt maintenance plans to risk potential of assets to increase reliability and with reduced efforts

Issues	Key business capabilities	Benefits
<ul style="list-style-type: none">■ Risk of incidents caused by assets or incorrect maintenance■ Keep maintenance and follow-on costs to a minimum■ Provide safety relevant documentation and instructions■ Ensure the safety of maintenance employees	<ul style="list-style-type: none">■ Integrated, end-to-end capabilities for enterprise asset management■ Suitable maintenance and safety strategies■ Reliability centered maintenance■ Mobile Asset Mgmt.■ Flexible assignment of safety documents■ Seamless Integration with other SAP solutions	<ul style="list-style-type: none">■ Manage all phases of the asset life cycle under safety aspects■ Balance of performance, risk and cost to achieve maintenance excellence■ Process efficiency and transparency e.g. safety measures



Maintenance Management both preventive and corrective in nature has to be planned and scheduled. After a job has been dispatched, one or more technicians execute the maintenance task and record the results in the system.

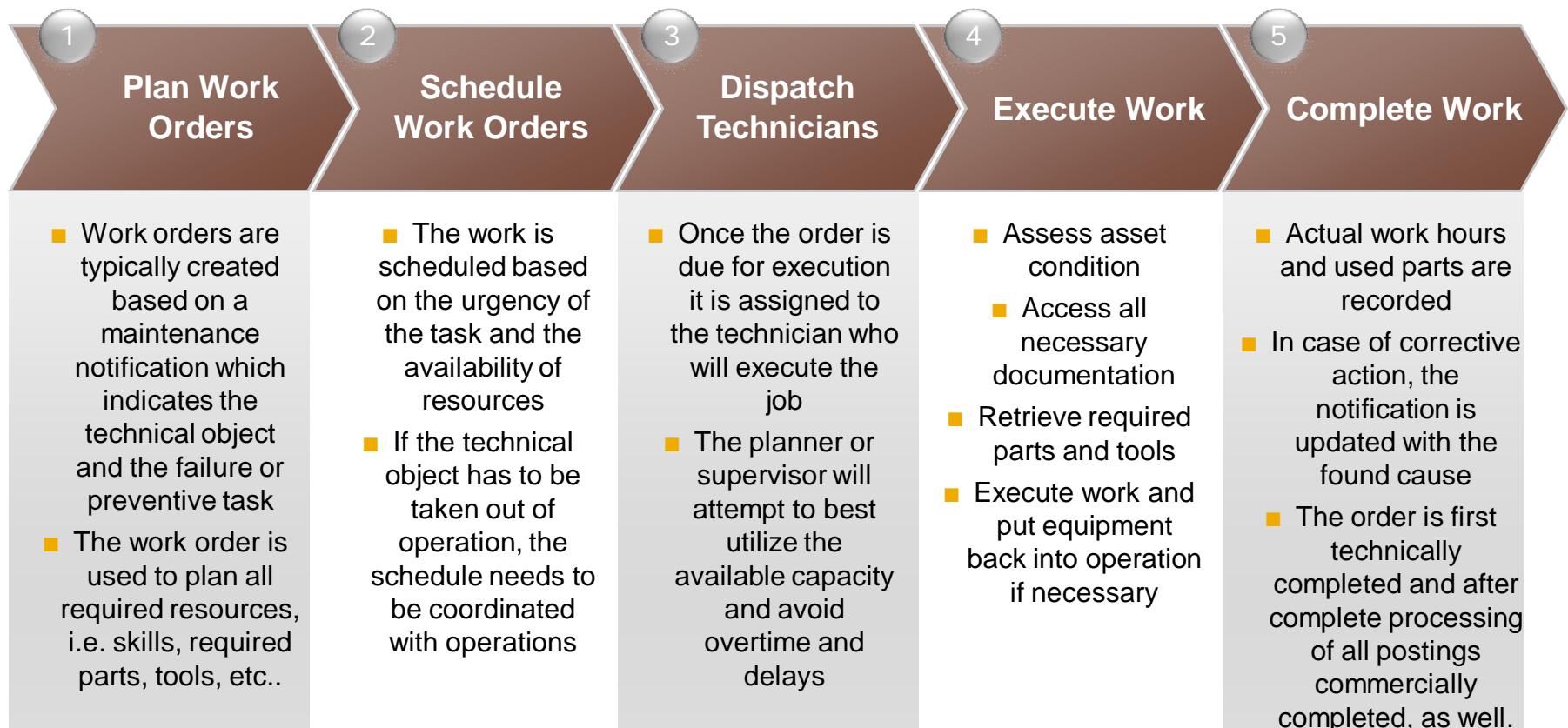
Maintenance Management

Asset Information Management

Work Permits,
Lockout/ Tagout Mgmt

Reliability-Based Maintenance Strategy

Process overview



Asset Information Management deals with all asset related master data that are required for maintenance planning and execution. This includes system-relevant data (a.k.a. structured data) as well as documents to support the maintenance staff (a.k.a. unstructured data).

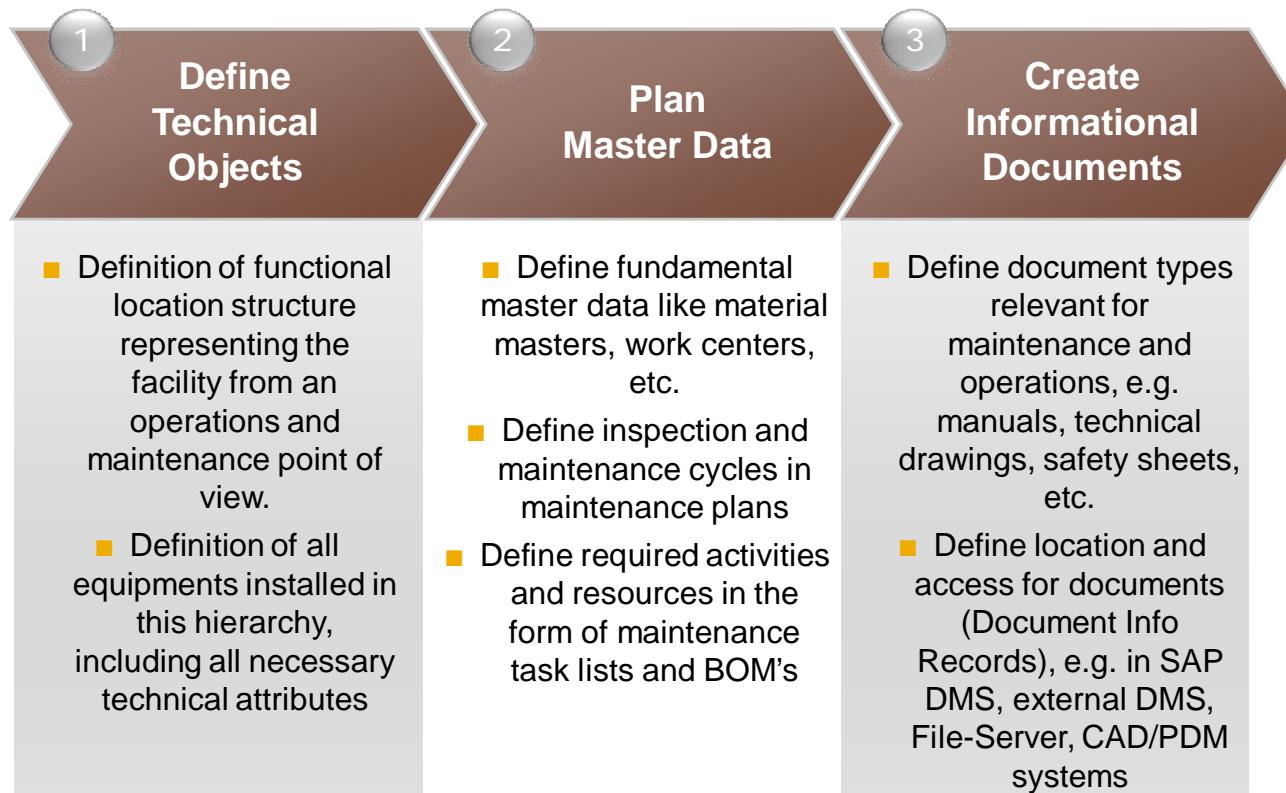
Maintenance Management

Asset Information Management

Work Permits,
Lockout/ Tagout Mgmt

Reliability-Based Maintenance Strategy

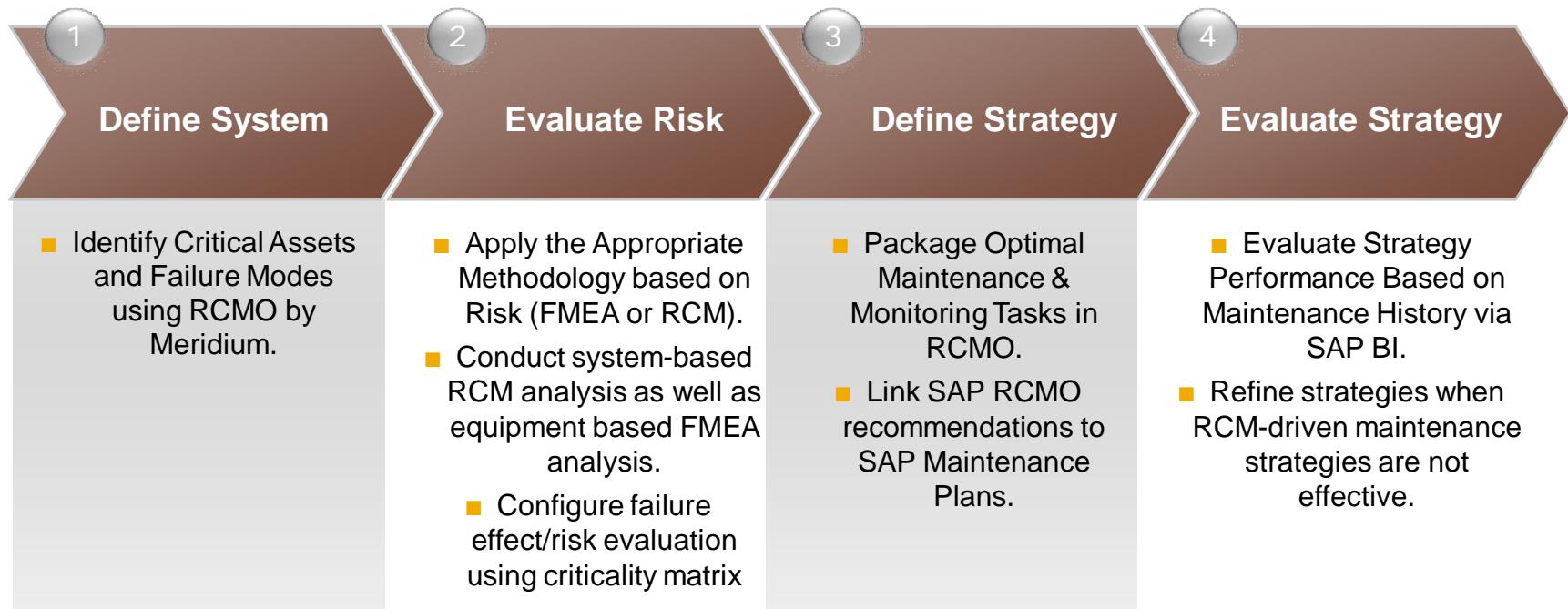
Process overview



RCMO by Meridium integrates with SAP to give you a framework to define maintenance strategies based on RCM and Failure Modes & Effects Analysis (FMEA) principles. It also enables you to integrate recommendations from an RCM analysis into Maintenance Plans in SAP, as well as facilitating automated re-evaluation of maintenance strategies (allowing you to measure effectiveness constantly for continuous improvement).



Process overview



If assets need to be maintained while their running this may constitute a hazardous environment requiring special precaution as required by regulations like OSHA. Work Clearance Management (WCM) ensures a safe process through lockout / tagout procedures.

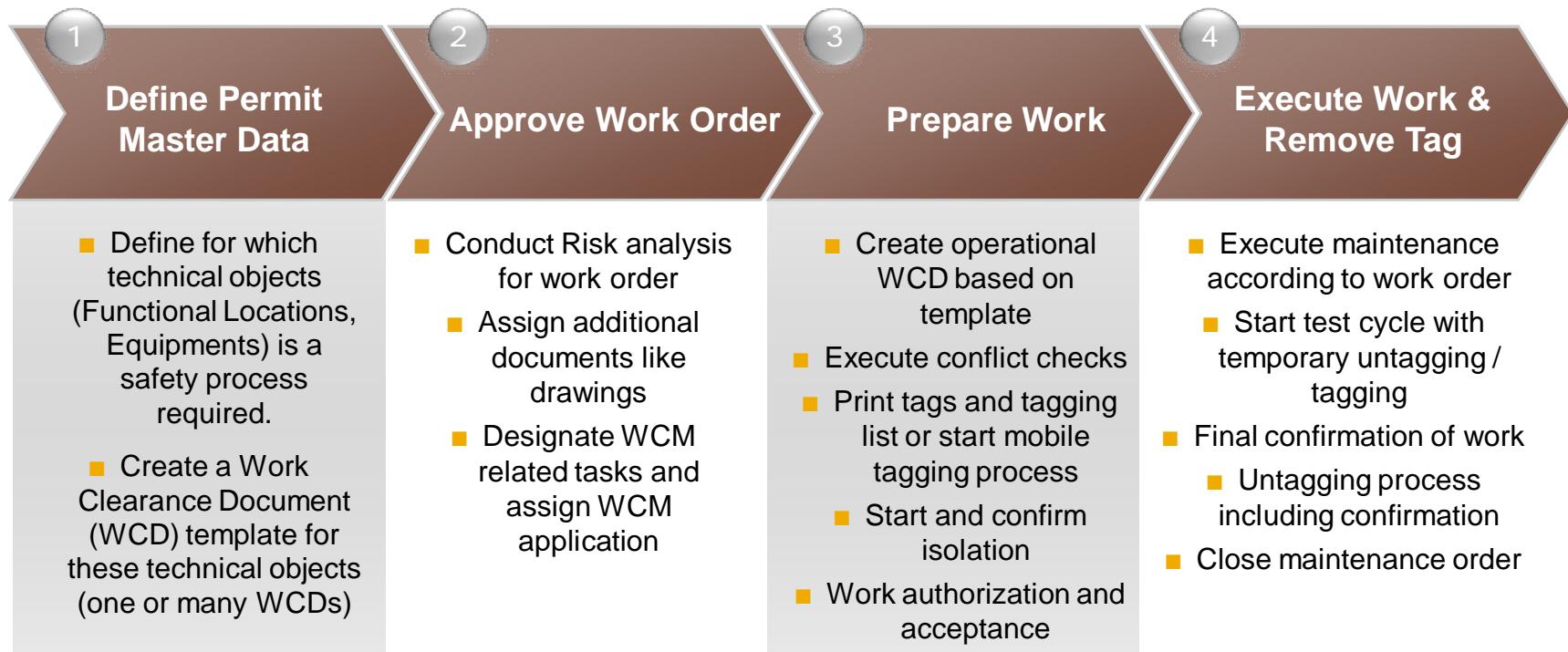
Maintenance Management

Asset Information Management

Work Permits,
Lockout/ Tagout
Mgmt

Reliability-Based
Maintenance Strategy

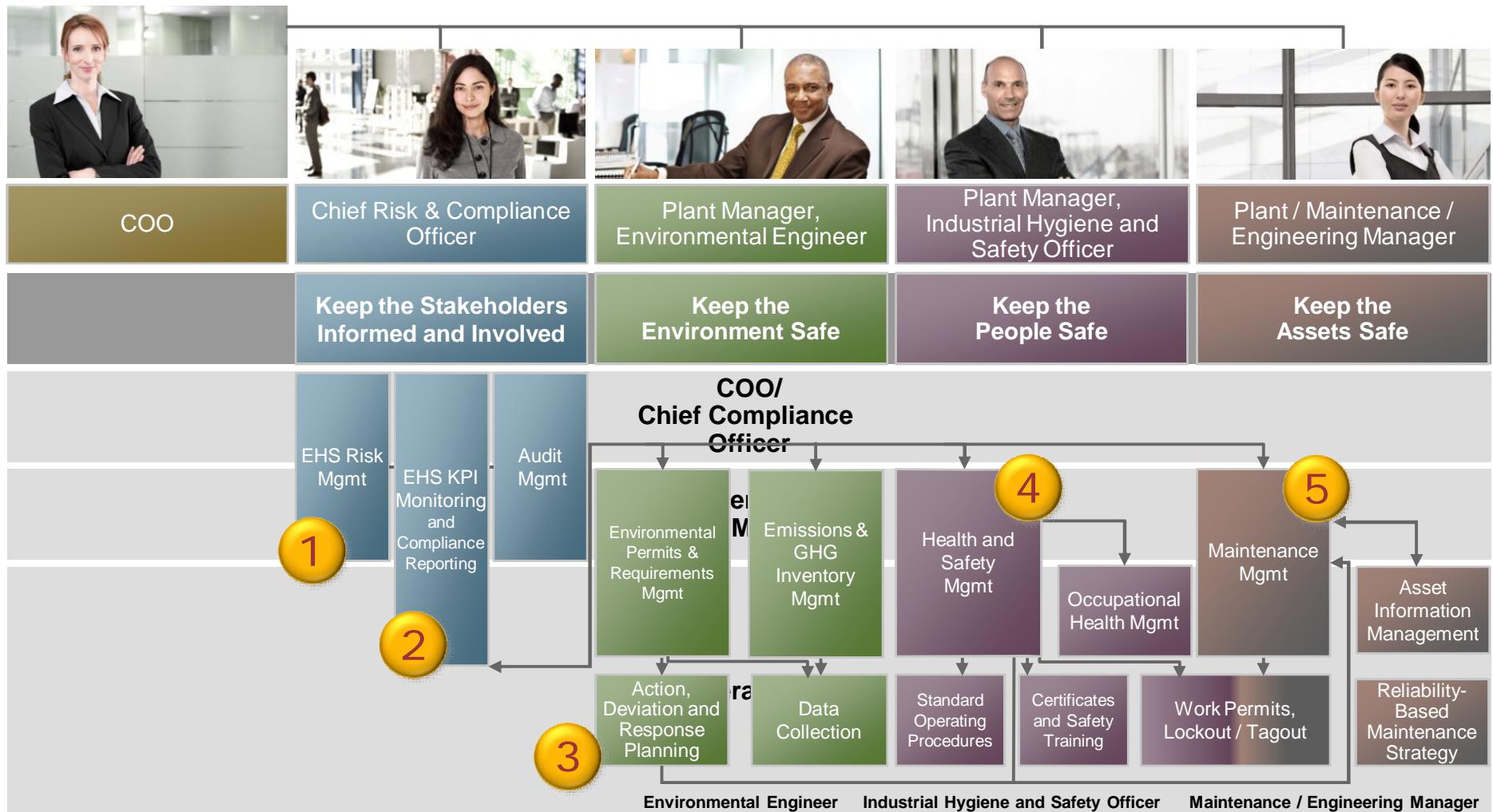
Process overview



Asset Safety and Compliance is an End-to-end, Cross-functional Process



Asset Safety and Compliance connects the stakeholders with the operational management of safety for the environment, the people and the assets. This enables you to stay compliant, to create a proactive safety strategy and realize it in daily operations.



Best Practice Value Scenario

O&G – PROCESS INTEGRATION(PI) & BUSINESS PROCESS MODELING(BPM)



THE BEST-RUN BUSINESSES RUN SAP™



Automating non-standard processes can be challenging

Because traditional applications are often too inflexible to change



Out-of-the-box software is well-suited to manage standard processes

- Best practices provided by standard software such as SAP Business Suite applications, e.g.
 - Payroll processing
 - Sell tangible goods from stock
 - Sell and manufacture to customer order
 - ...

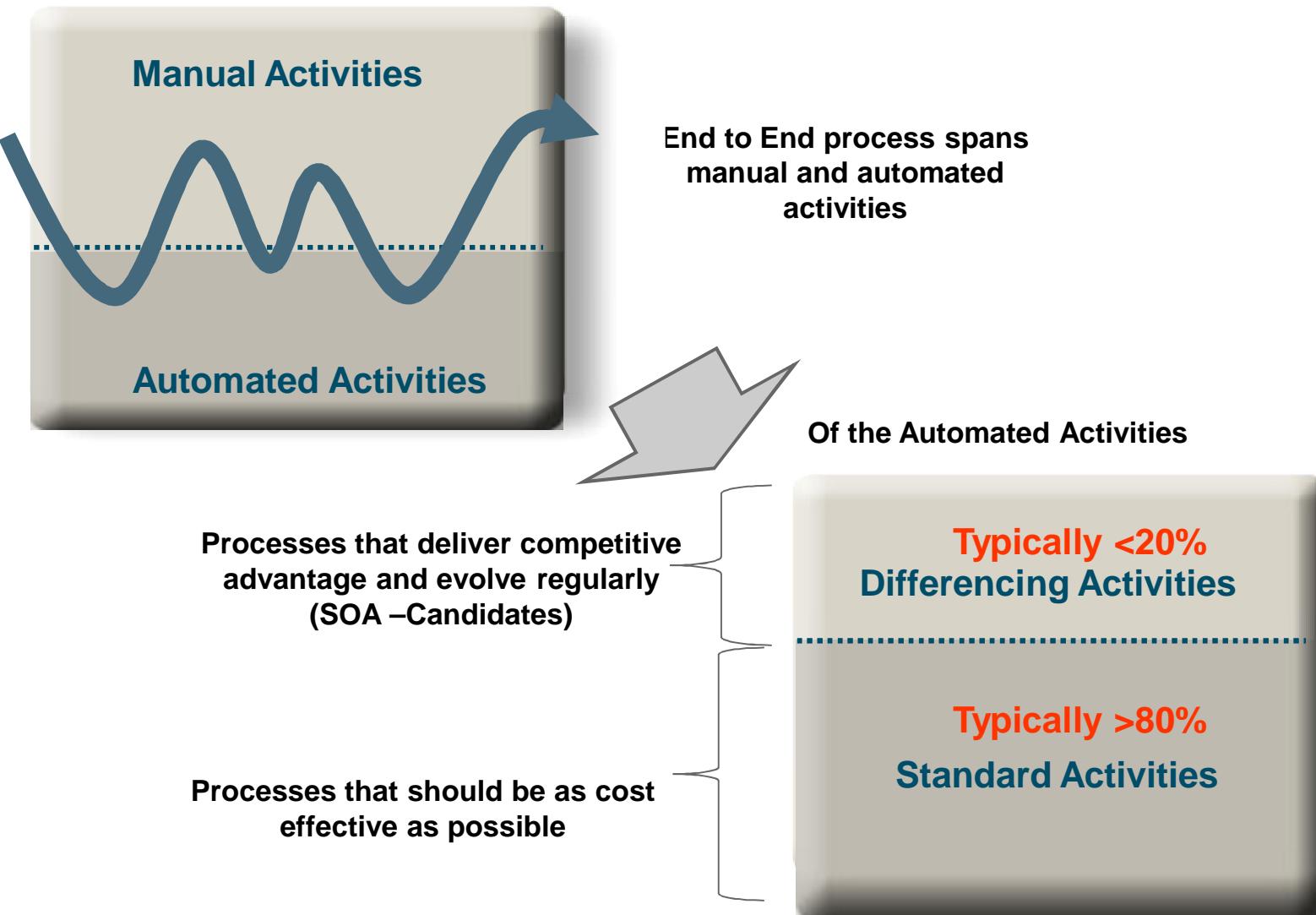


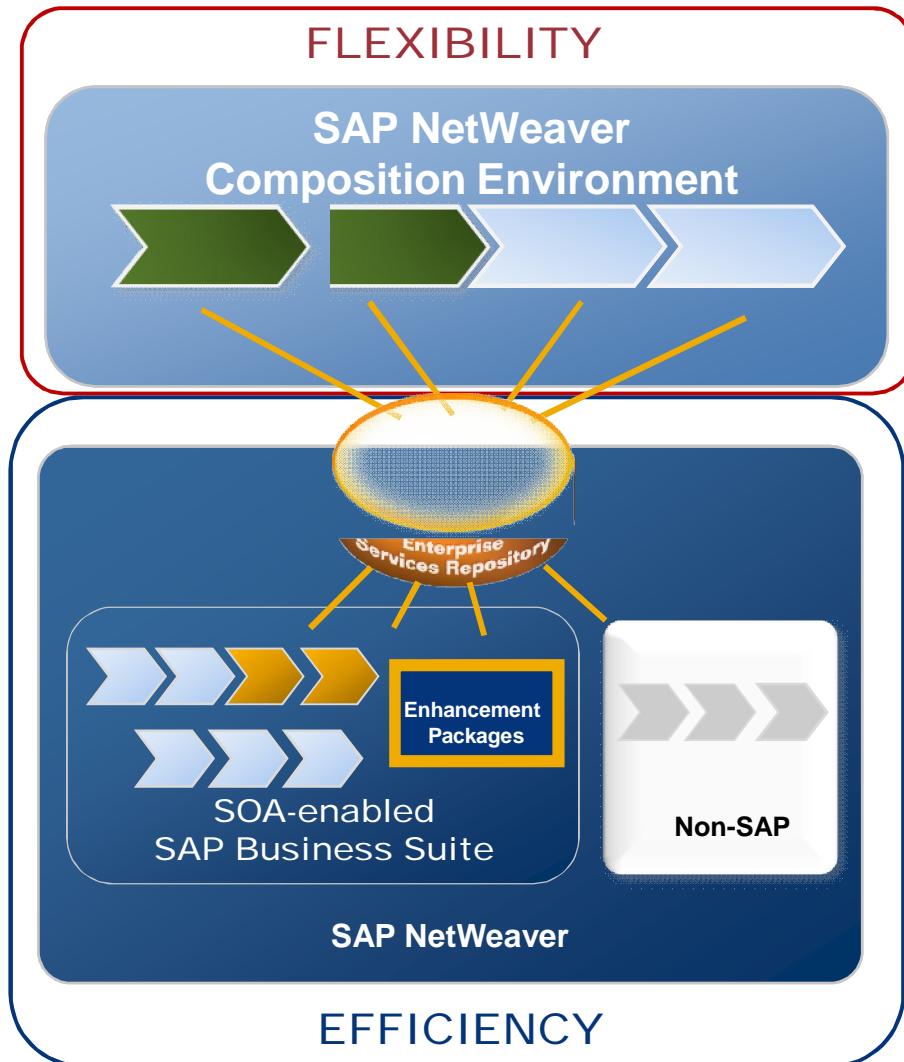
But what if you want to automate non-standard processes?

- To create innovative, differentiating, company-specific processes, e.g.
 - Specific approval processes
 - New hire processing
 - Negotiate new purchasing contracts with suppliers
- Traditional applications are often too inflexible for fast-changing business processes
- Implementing new processes takes too much time and is too costly

Standard versus differencing activities

Automation of differencing activities present the sweet-spots for BPM projects





Composite Business Processes

- Compose new **business processes**
- Extend **core business processes**
- Reuse **service-enabled application core processes**

Enterprise Service Repository

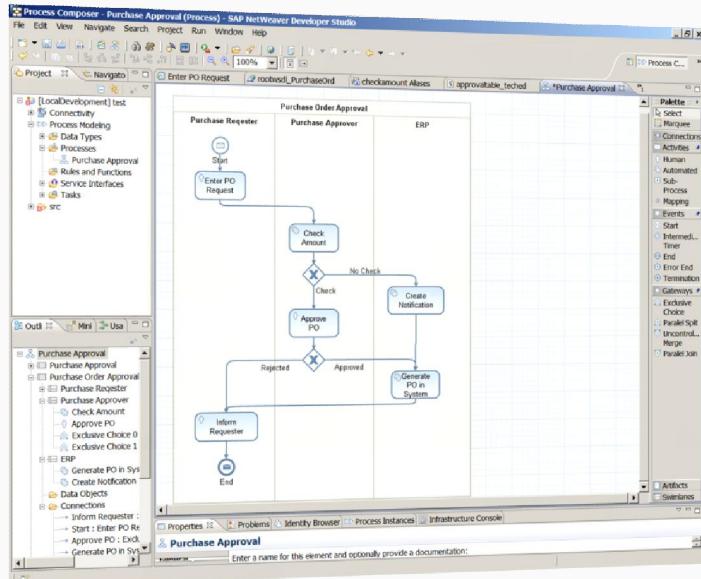
- 2,800+ ready-to-run **enterprise services**

Application Core Processes

- Best practices **for 24 industries**
- All applications **on SAP NetWeaver**
- Non-SAP applications **integrated with SAP NetWeaver**
- Innovation **delivered via Enhancement Packages**

SAP NetWeaver Business Process Management

Create and adapt business processes fast and flexibly



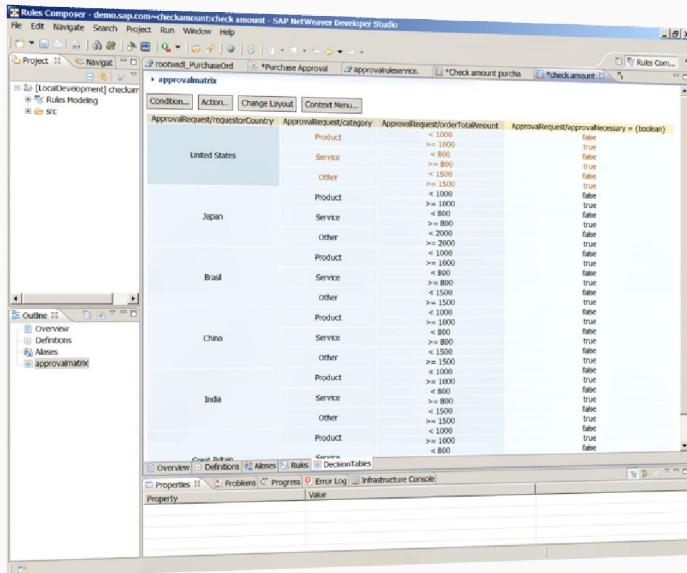
SAP NetWeaver Business Process Management

Direct path from business view to process execution

- Model and execute composite business processes
- Graphical modeler based on business process modeling notation (BPMN)
- Combine human interaction and system integration in one model
- Support key process concepts (workflow, event, task, rules, context, roles, UI) throughout their life cycle

SAP NetWeaver Business Rules Management

Integrate Business Rules into Your Processes

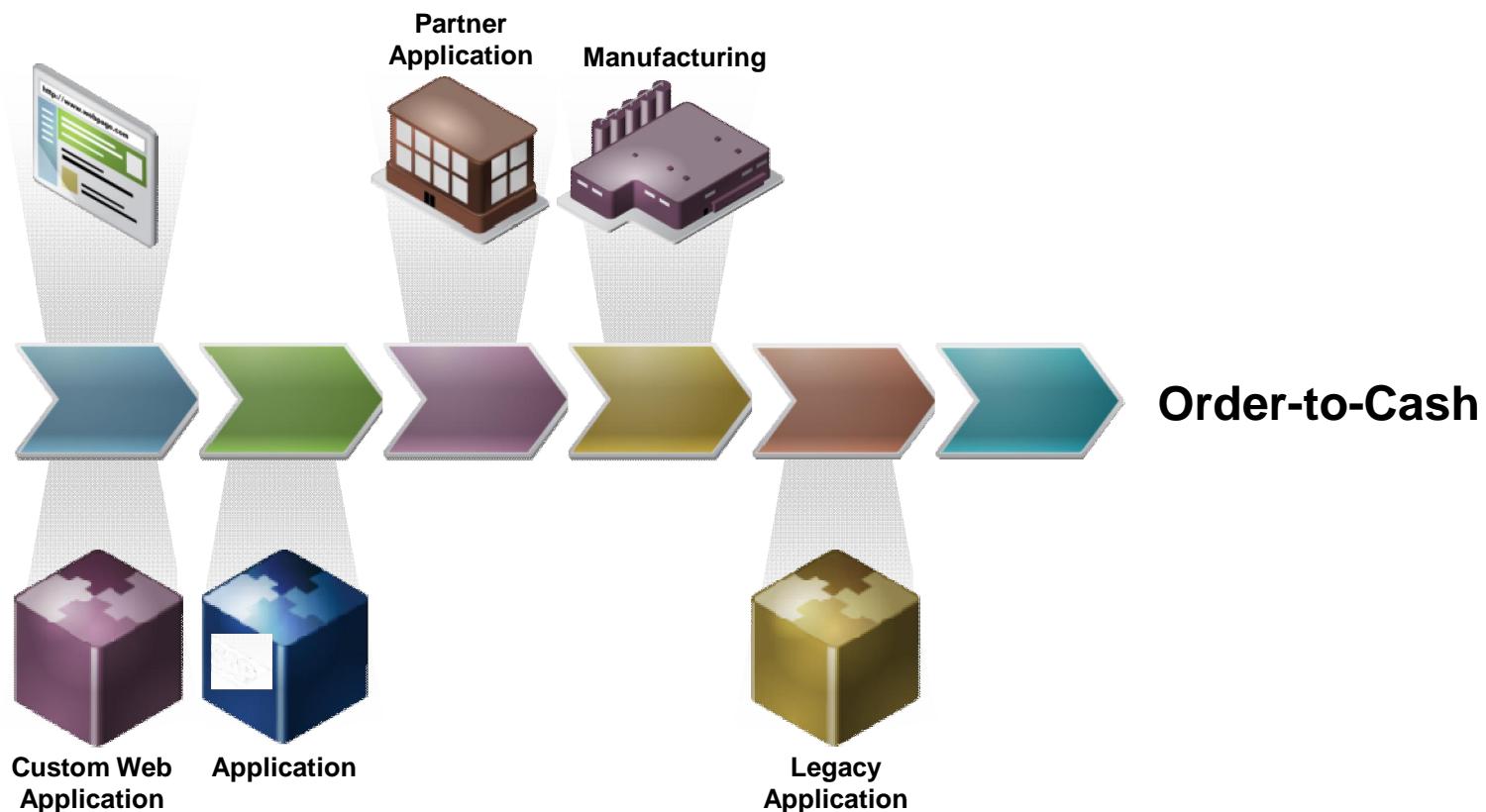


SAP NetWeaver Business Rules Management

Embedded rules in process to drive process agility

- Robust tool for central business rules management
- Encapsulate rules as reusable services
- Integrated design of process and rules
- Allow business users with not coding skills to create and modify rules via decision tables

- Business context in an increasingly global and networked business necessitates control and visibility across extended enterprise and value chain
- Dispersed business processes need to be harmonized

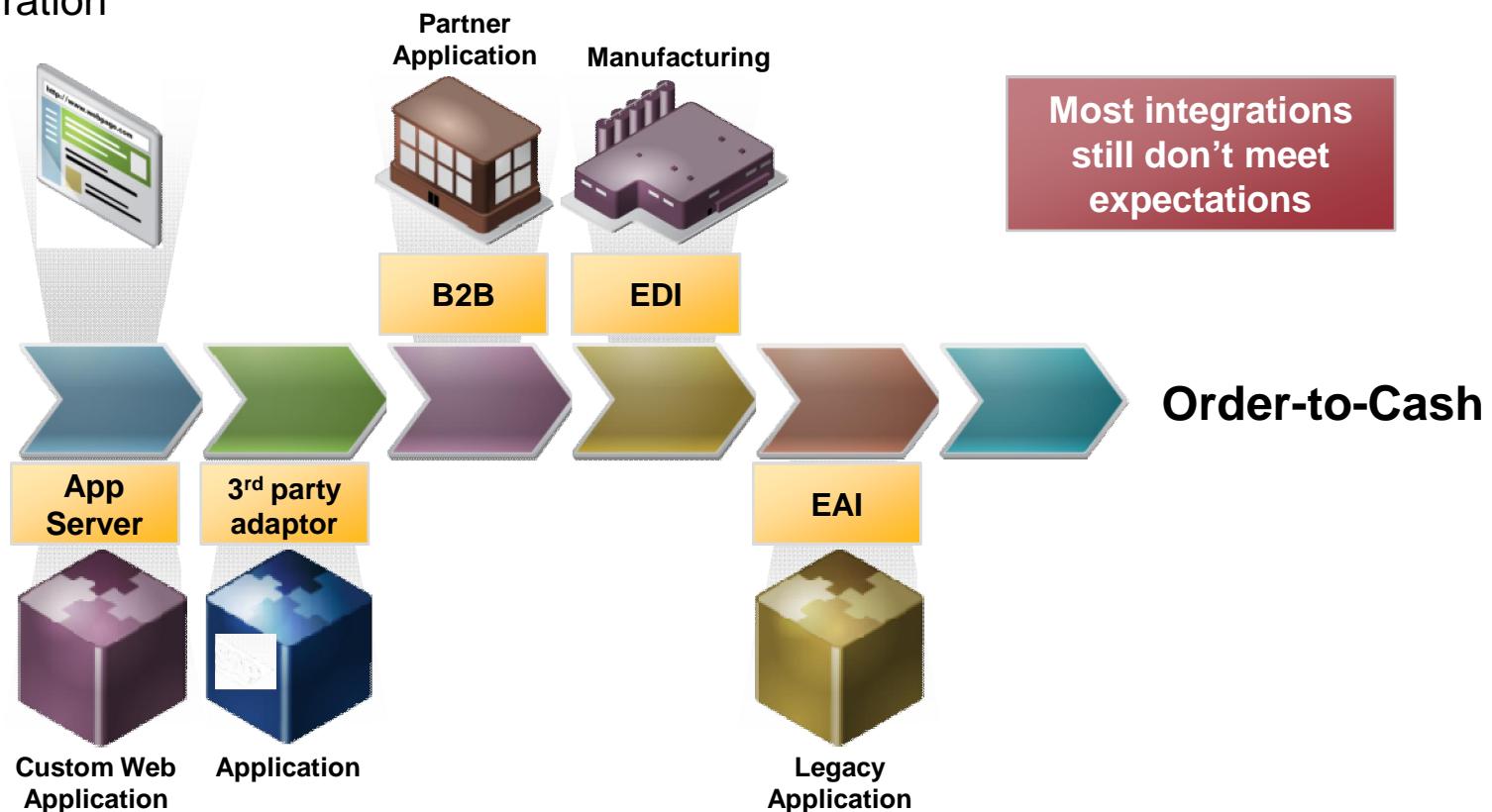


System integration still complex and costly

Multiple integration technologies for different needs



- EDI Exchange
- EAI for system to system integration
- Application Server Based Integration for custom web applications
- B2B Integration



SOA architecture - unifies technology

Solves part of the traditional integration bottleneck



High Performance Infrastructure Services



B2B Partner

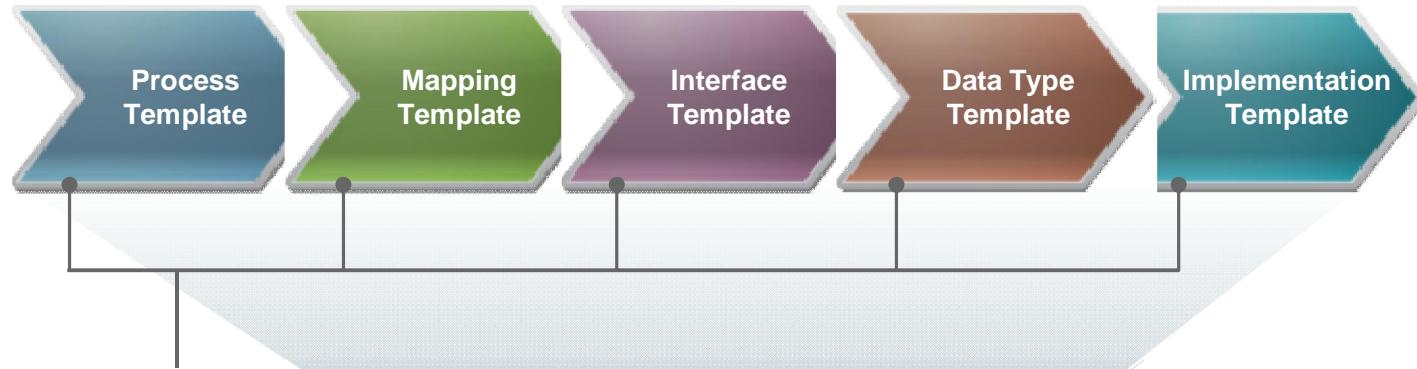
SAP

3rd-party
Middleware

3rd-party
Application

How to quickly deliver business values with integration?

By leveraging pre-packaged integration scenario template



End-to-End Integration templates:
Orchestration of services across long running business processes

Pre-Built Business Processes:
Best practices for quick time-to-value and effectively integrated processes

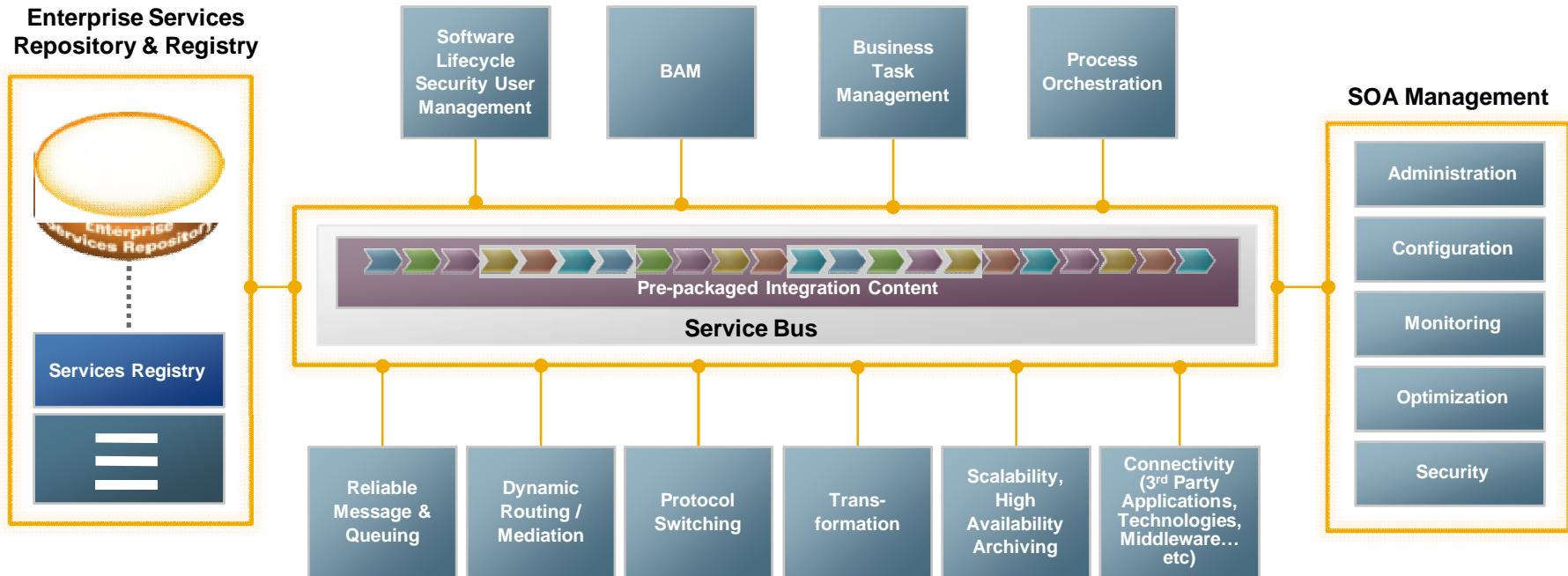
Lifecycle Management:
Reusability through integrated SOA governance and lifecycle management

“...through 2010, the biggest barriers to SOA adoption will be non-technical issues related to inadequate governance, lack of clear value metrics, poorly defined requirements and scope, and insufficient business involvement in project prioritization and service identification.”

Paolo Malinverno,
et al, Gartner, 2006

SAP NetWeaver PI 7.1

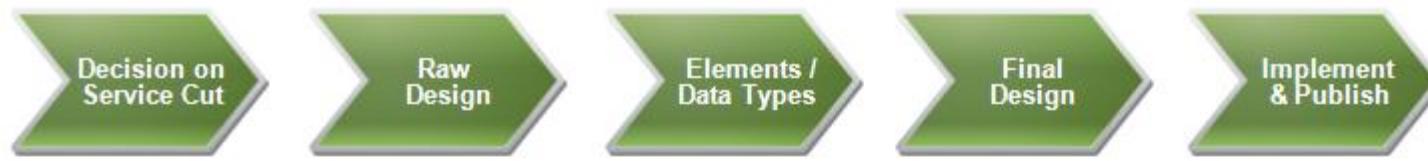
Single integrated product for business SOA



- Single middleware product for A2A, B2B integration across the business network
- High performance and secure end-to-end transactions supporting latest SOA standards
- Pre-integrated repository and registry for centralized service provisioning and governance
- Pre-packaged integration templates **significantly reduce integration project TCO**

Industry pre-packaged integration templates

Avoid integration bottleneck, focus on business needs



Integration Scenarios

Business Objects

Global Data Types

Service Messages

Proxy Implementation

Process Components

Service Interfaces

Industry Contexts

2900+ Enterprise Services

- Automotive
- Banking
- Chemical
- Consumer Goods
- Electronics
- Food & Beverage
- Healthcare
- High Tech
- Industrial Goods
- Manufacturing
- Pharmaceuticals
- Petroleum
- Retail
- Telecommunications
- Transportation
- Utilities

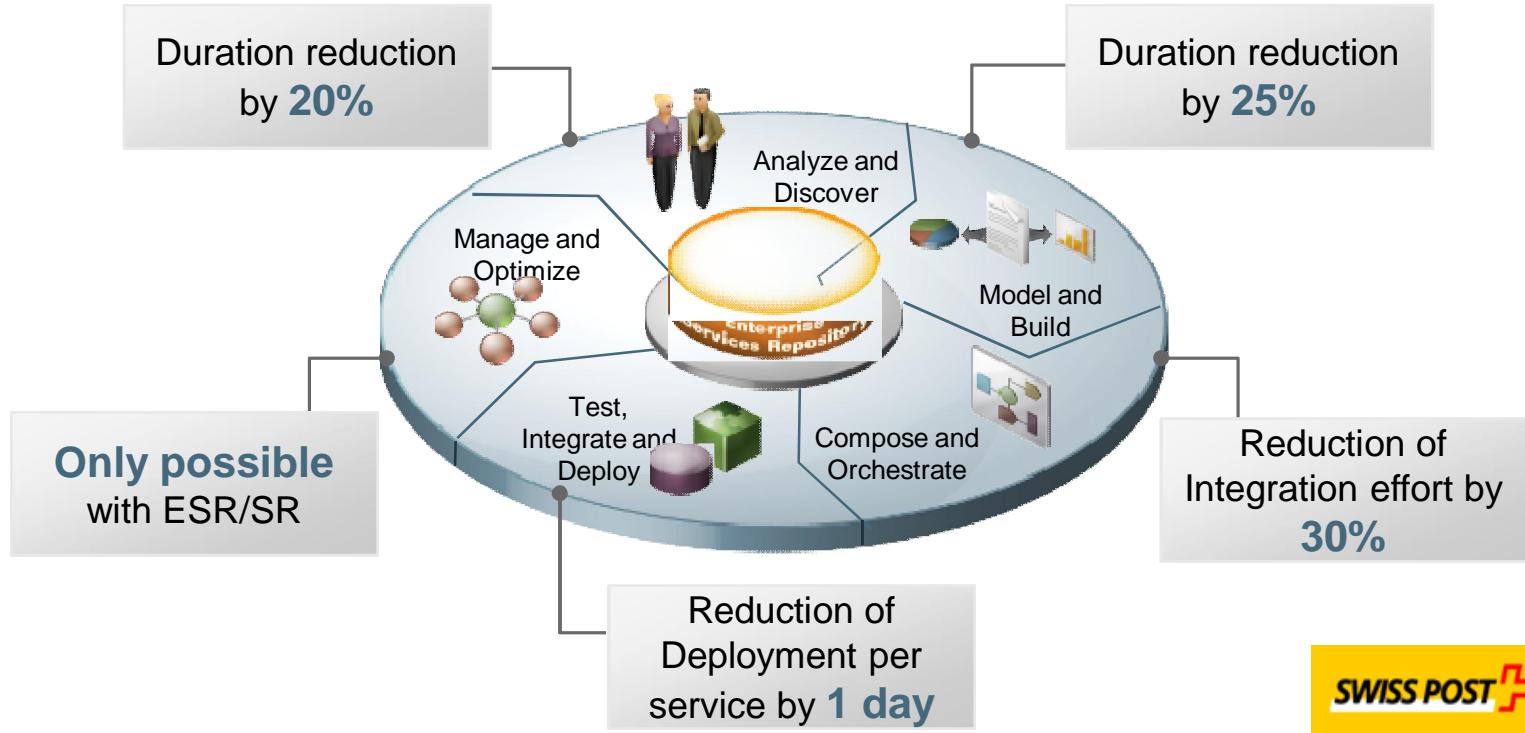
- **ONE Repository** to model and define all integration scenarios
- Modeling environment pre-delivered with reusable content to jumpstart implementation
- End to end modeling supporting reuse of assets at every level
- Pre-defined content for out-of-the-box integration and Global Data Types based on SAP methodology
- Content available for cross industry scenarios and industry-specific scenarios for **26 industries, delivered by both SAP and 100+ certified partners**

SAP's pre-packaged integration templates

Accelerated Time-to-business value



Integrated business process platform reduces integration cost throughout integration life cycle



“

Now we can provision new web services in a technologically independent way – and reduce our development and integration effort by **two-thirds** through re-use of enterprise services.”

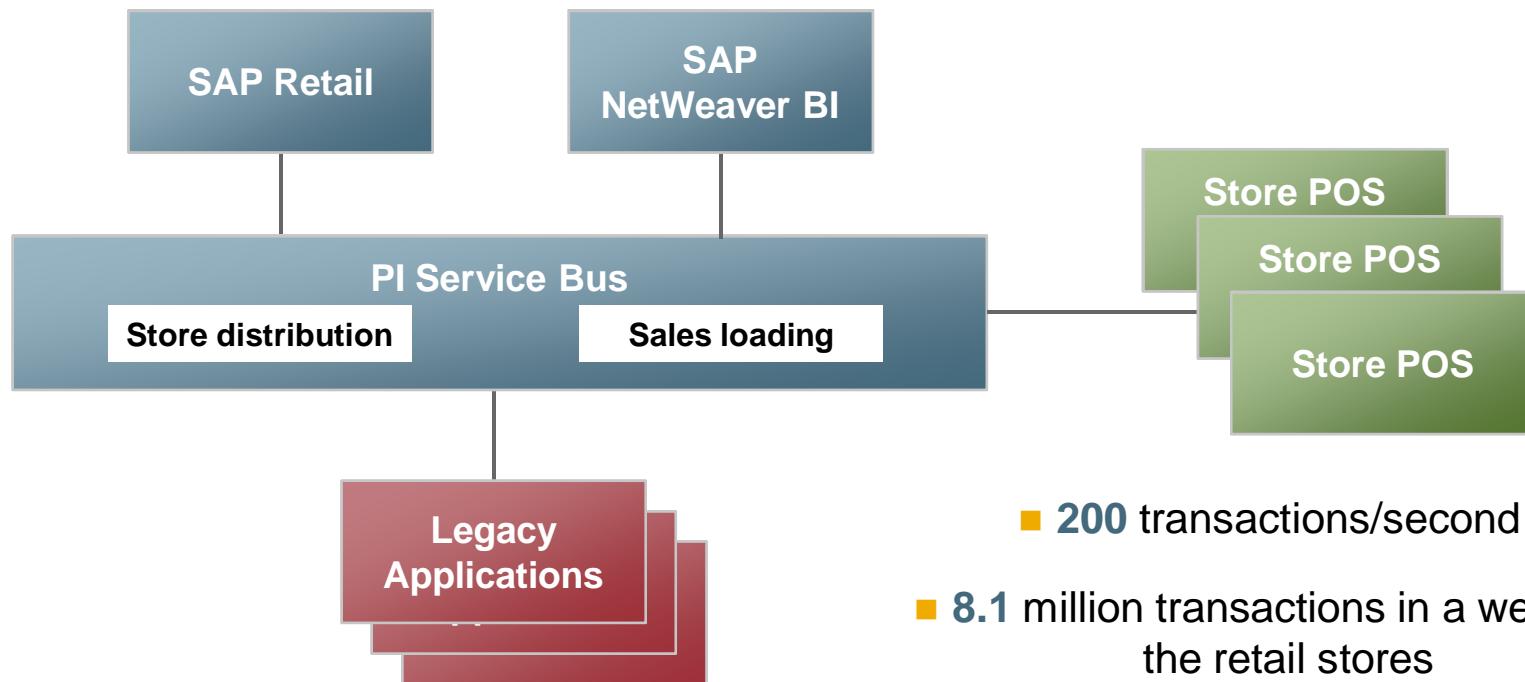
Gerald Elder
Project Manager, Swiss Post

Home Depot runs on SAP NetWeaver PI

High volume retail POS transaction and availability



Out of box processing was with SAP
Out of box transformation to retail industry ARTS Format



Best Practice Value Scenario

O&G – ENTERPRISE PERFORMANCE MANAGEMENT(EPM)



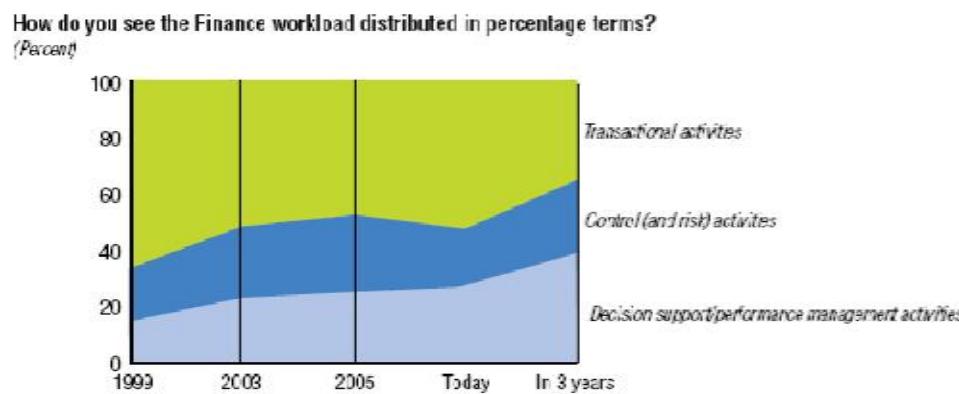
THE BEST-RUN BUSINESSES RUN SAP™



Industry Data Confirms CFO Challenges



Source: CFO Europe Research Services 2008



Source: IBM Global Business Services, The Global CFO Study 2008.

"Defects and breakdowns in planning and execution cited as primary contributing factors to value destruction".

-Harvard Business Review: "Turning Great Strategy into Great Performance"

■ **Average companies spend more than half (51%) of all time gathering and rekeying data in a typical planning environment.**

■ **Average companies spend only 16% of their time in the value added activities of explaining the "why," and exploring the "what if."**

■ **High performing companies spend 13% of their time on information gathering and 87% analyzing it**

-The Hackett Group

■ **Nearly 90% of respondents in a recent IDC survey cited the need for improved profitability reporting and accuracy as an urgent issue.**

-IDC

What does this mean for your business?



Top executive issues

- **How do I cascade strategy across all levels of the organization?**
- **How do I overcome my lack of accurate costing information and grow profitability?**
- **How do I accelerate the speed of decision making within our organization?**
- **How do I improve accuracy and reduce inefficient and time-consuming forecasting and planning cycles?**



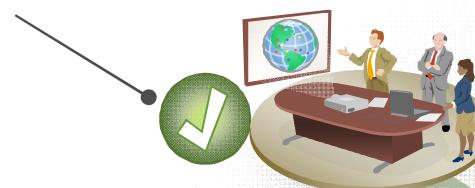
Improved Insight Drives Smart Decisions



Accurate insight into costing, improved financial planning and forecasting, timely finance reporting and analysis and the ability to link strategy to execution drives strategy and growth.

Executive Management

- Cascading strategy throughout organization
 - Accurate, timely, pertinent information
 - Accelerated decision-making



Marketing Management

- Focus on profitable markets, customers and products
- Resources aligned with strategy and profitable targets
- **Rapid, logical decision-making**



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CFO/Corp. Controller

- Accurate collaborative forecasting and planning
- Visibility and transparency into cost drivers and profitability
- Time for forward-looking business analysis and recommendations



FINANCE

Operations

- Single view of purchase data
- Increased procurement efficiency
- Rationalize suppliers & spend



Production

Production / Operations Management

- Collaborative planning and forecasting
 - Understanding of cost drivers and profitability
- Alignment of resources with corporate



Aligning stakeholders to Drive Strategy and Profitable Growth



CFO

CFO

How do I overcome a lack of accurate insight?

- Cascade strategy across the organization
- Grow profitability
- Accelerate speed of decision making
- Improve accuracy and reduce inefficient forecasting and planning cycles

Driving Strategy and Growth requires alignment across the organization and is led by Finance



Finance

Profitability Management

How do I overcome inaccurate costing and grow profitability?

- Increase profitability in markets, channels and customers
- Improve cost drivers of cost-to-serve processes
- Drive profitable resource allocation
- Improve margin & market valuation



Finance

Planning and Forecasting

How do I improve my forecast accuracy and time for forward-looking analysis?

- Drive improvement in collaborative year-over-year accuracy.
- Reduce budget cycle times
 - Reduce historic reporting cycle times

Profitability Management

Objectives, issues, capabilities and benefits



Objective:

Action-oriented insight into costs and profitability

Best practice solution:

Companies have better insight into the drivers of costs and profitability and can rapidly assess the impact of various scenarios to improve their financial performance.

Issues

- Poor insight into costs and profitability leads to uninformed decisions
- Companies lacking accurate cost-to-serve driver costs

- Misalignment of resources
 - Companies with lower profitability have lower market capitalization and shareholder value

Key business capabilities

- Regular, detailed and reliable reporting of cost and profitability
- Accurate costing of processes, markets, customers and product investments and shared services allotments and allocations
- Scenario modeling involving products, customers, channels and resources
- Accurate costing and allocation of resources

Benefits

- Improved and quicker decision making
- Insight into how possible decisions impact present and future costs via "what-if" scenarios
- Maximize corporate profitability that maximize market capitalization and shareholder value

Profitability Management

SAP Solution



SAP Solutions

Product,
market, &
customer
profitability

Cost-to-serve
analysis

Align &
cascade
strategy across
the

IT costing and
shared services
invoicing

Analyze
procurement
spend

ERP product
costing
analysis

- BusinessObjects Profitability and Cost Management
 - SAP Strategy Management
 - SAP Spend Analytics
- SAP ERP Financials – Profitability Analysis

SAP Differentiators

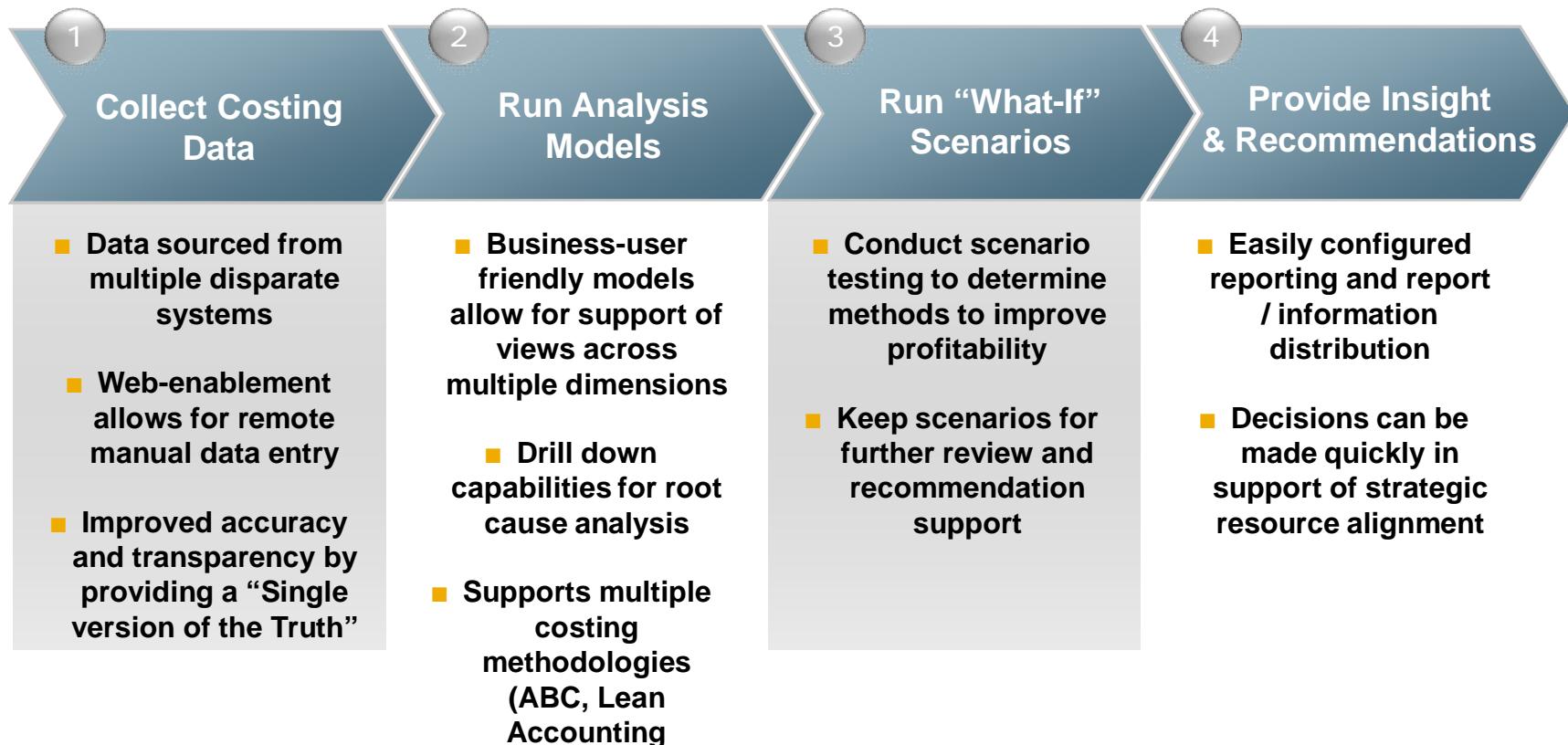
- Rapid model building with minimum input for maximum output - with web based data entry that minimizes the cost of collecting non-system driver data
- Fully integrated services costing and cross charging for costing shared services and invoicing
- Ability to deploy driver-based or activity-based planning models for “What-if” scenario modeling
- Comprehensive procurement analytics provides visibility purchasing and drives alignment with procurement goals
- Cascade and align strategy across the organization

Product, Market and Customer Profitability Analysis



Product, Market and Customer Analysis provides insight into profitability, creation of strategy to improve unprofitable situations and enabling strategy resource alignment.

Process overview

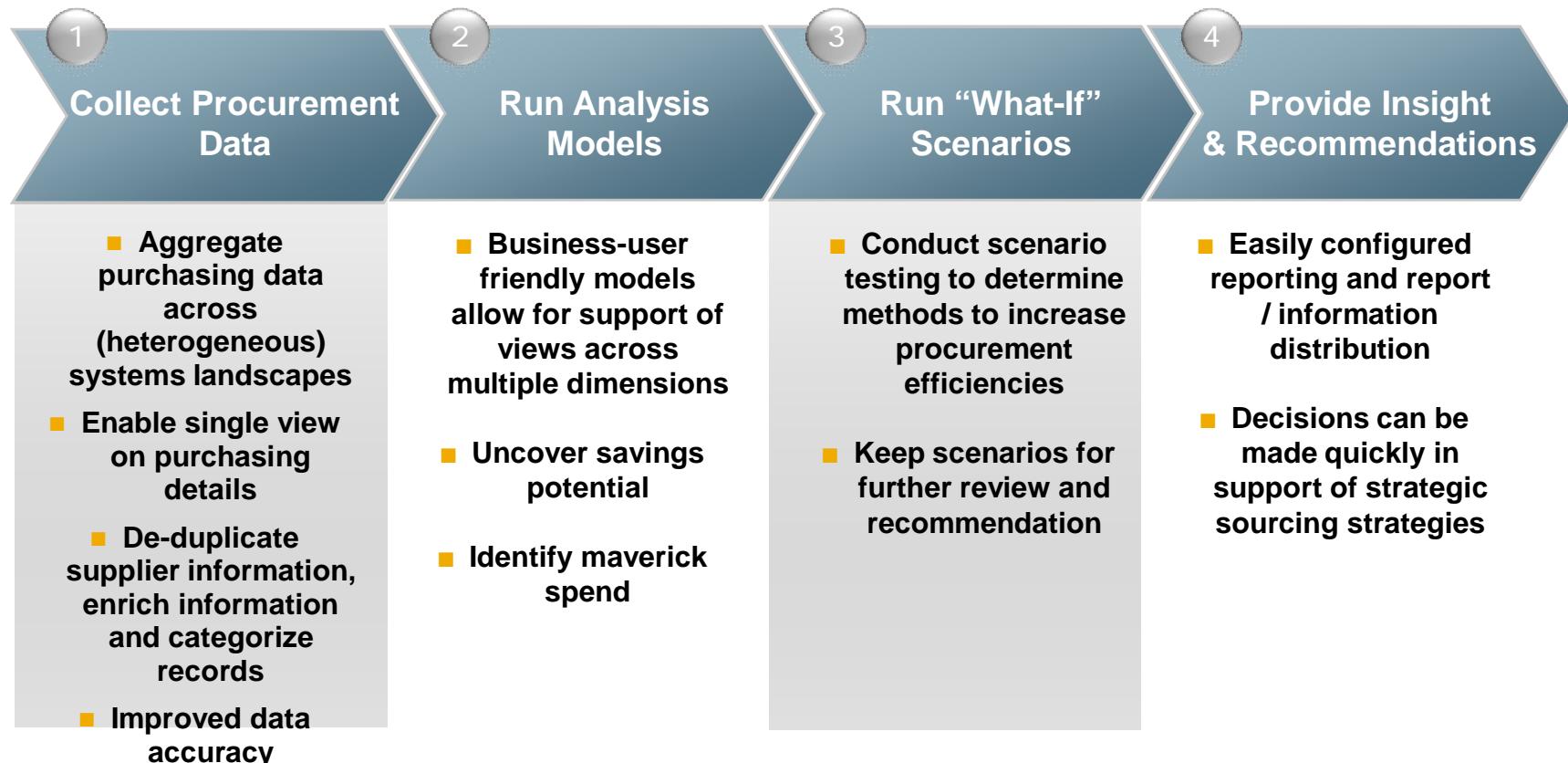


Spend / Procurement Analysis



Spend / Procurement Analysis helps procurement personnel realize measurable cost savings and align sourcing strategies with organizational.

Process overview



Align & Cascade Strategy across Organization



Aligning and Cascading Strategy empowers business users at all levels to rapidly align resources to execute on strategies, understand risk, and drive effectiveness

Process overview



Planning and Forecasting

Objectives, issues, capabilities and benefits



Objective:

Increased forecasting accuracy and reduced planning cycle times

Best practice solution:

Allow companies to better manage resources and adjust to changing market conditions so as to maximize business opportunity.

Issues

- Poor alignment of financial and operational goals with strategic business objectives
- Long process that cuts into company productivity
- Accuracy and transparency issues can lead to restatement
 - Time-consuming transactional and reporting activities

Key business capabilities

- Identify and adjust resources to capitalize on areas of profitability
- Quicker information allowing resources to add value
- Unified application with high data quality and transparency
- Identify and capitalize on growth opportunities

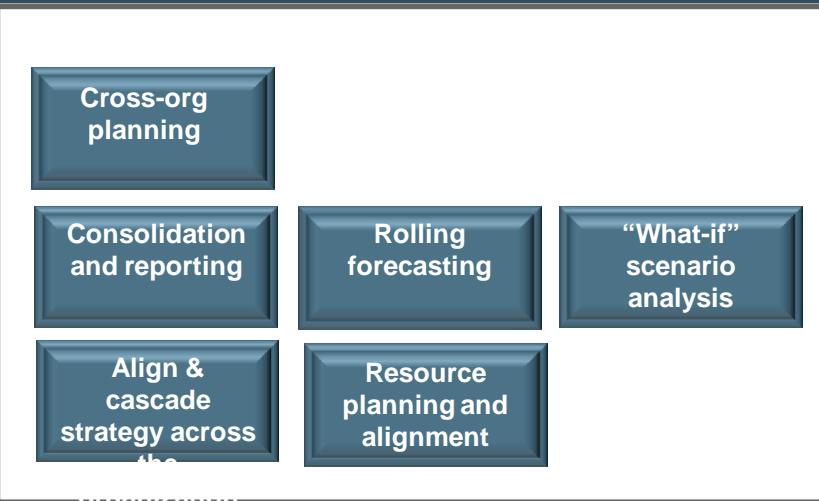
Benefits

- Improves balance sheet and drives growth
- Drives additional margin to the bottom line
- Reduction in audit conflict/cost and faster delivery of required reporting
- Better insight and corporate financial performance

Planning and Forecasting



SAP Solutions



- **SAP Business Planning and Consolidation**
 - SAP Strategy Management
 - SAP ERP Financials

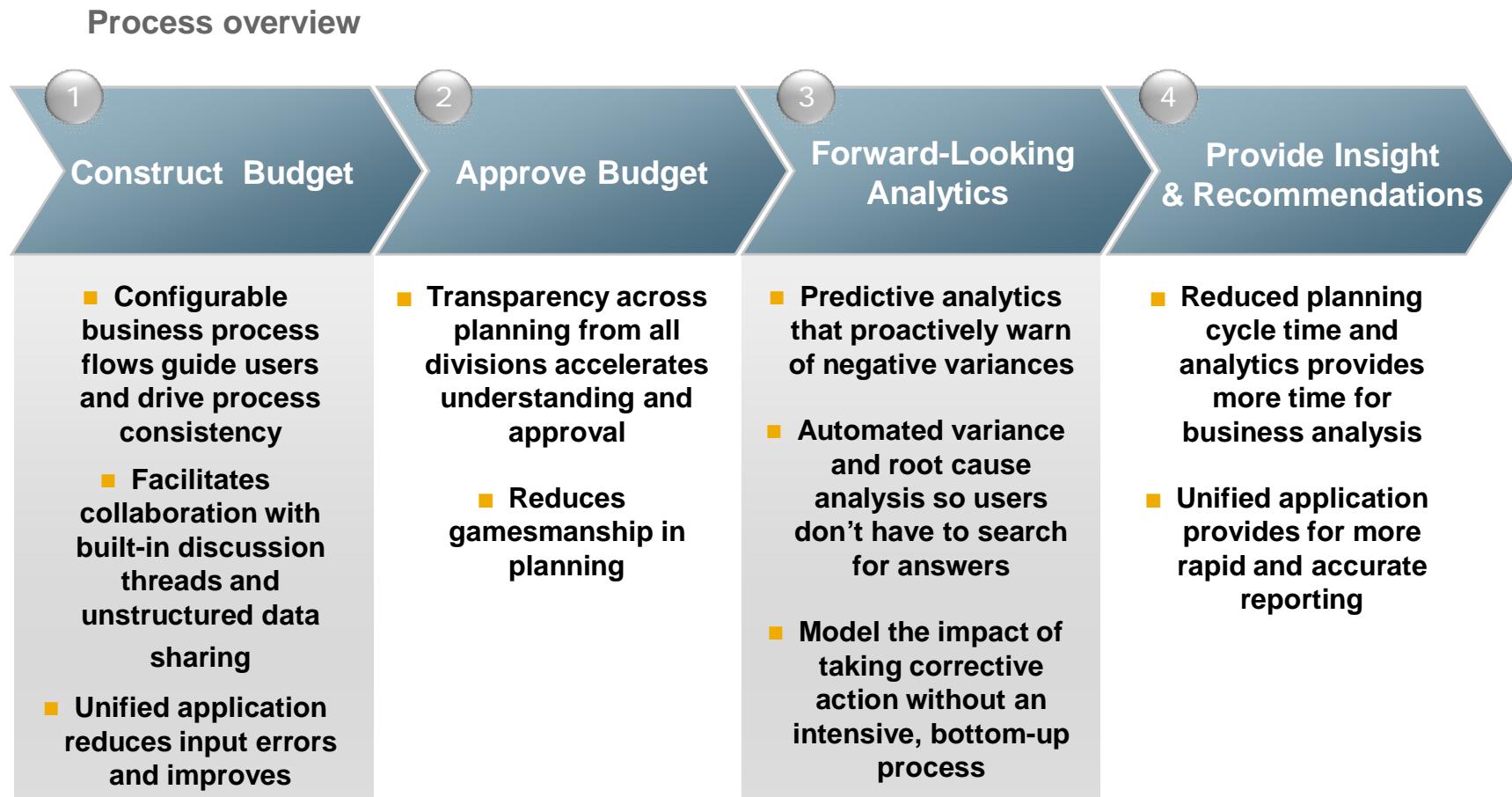
SAP Differentiators

- Cross-organization planning that is based on financial and operational business
- Enables logical planning process with input for all departments for top-down and bottom up planning
 - Customizable business flow follows process and accelerates completion
 - Unified integrated applications provide improved data integrity.
 - Predictive analytics warn of variances against stated KPIs
 - Planning and consolidation unified in a single solution
 - Cascade and align strategy and resources across the organization

Collaborative Planning



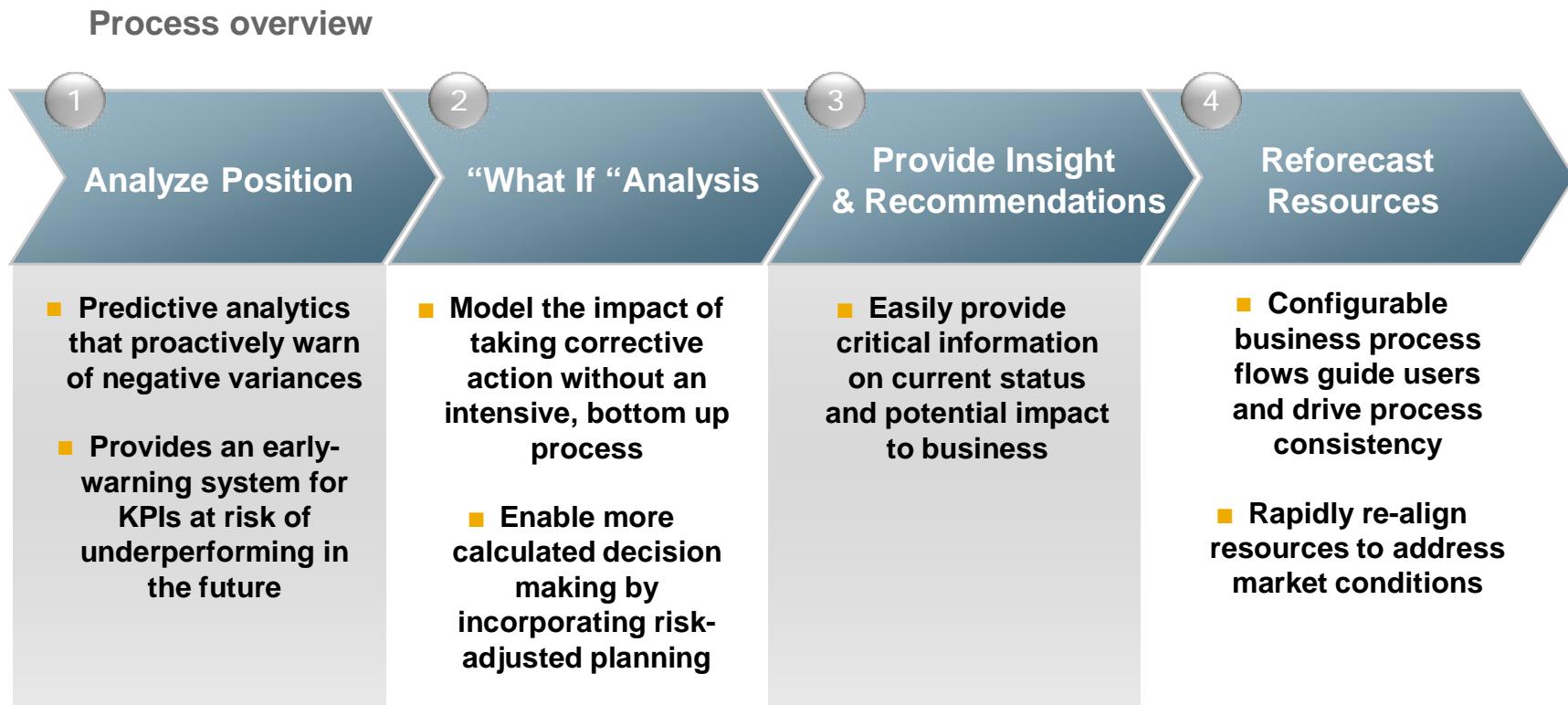
Collaborative Planning improves productivity by streamlining the bottom-up and top-down financial and operational planning process.



Rolling Re-forecasting



Rolling Re-forecasting provides the agility to rapidly adapt budget resources to take advantage of changes market conditions and business opportunities.



Improve Consolidation and Compliance



Improve Consolidation and Compliance allows Finance to improve management reporting cycle times for the enterprise, driving compliance with regulatory and financial standards, helping reduce external audit costs.

Process overview

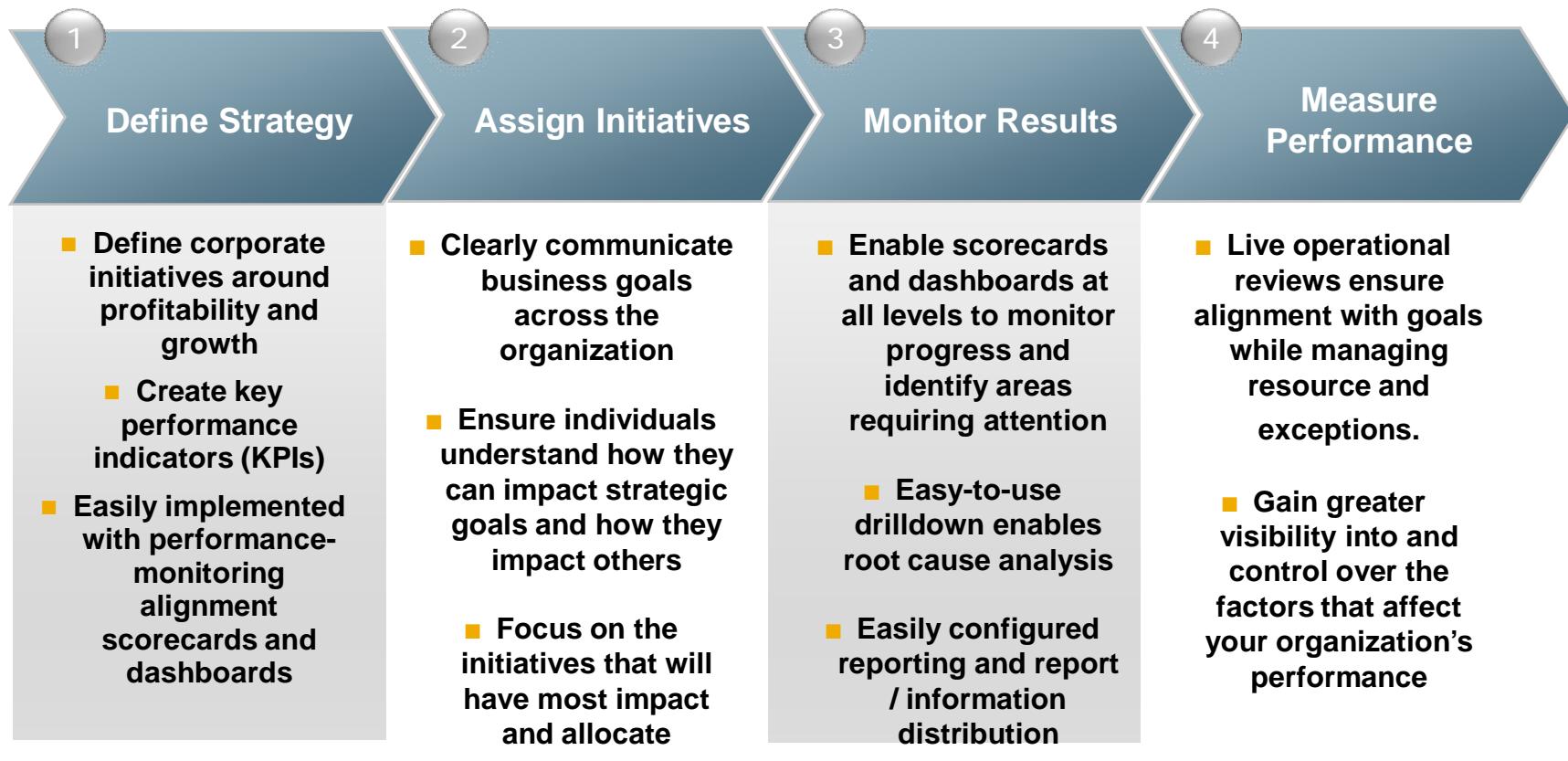


Align & Cascade Strategy across Organization



Aligning and Cascading Strategy empowers business users at all levels to rapidly align resources to execute on strategies, understand risk, and drive effectiveness

Process overview



Best Practice Value Scenario

O&G – BUSINESS INTELLIGENCE(BI) & PLATFORM

The Nature of Business is Changing



FROM

TO

UNIFIED
INFORMATION

Structured information
generated within the four
walls of organizations

Structured and
unstructured and internal
and external information

COLLABORATIVE
DECISIONS

Individual contributors
within functional silos

Teams collaborating and
communicating across
boundaries

BUSINESS
NETWORK
OPTIMIZATION

Point relationship with
customers and suppliers

Dynamic network of
partners

Achieving Strategic Agility is Key

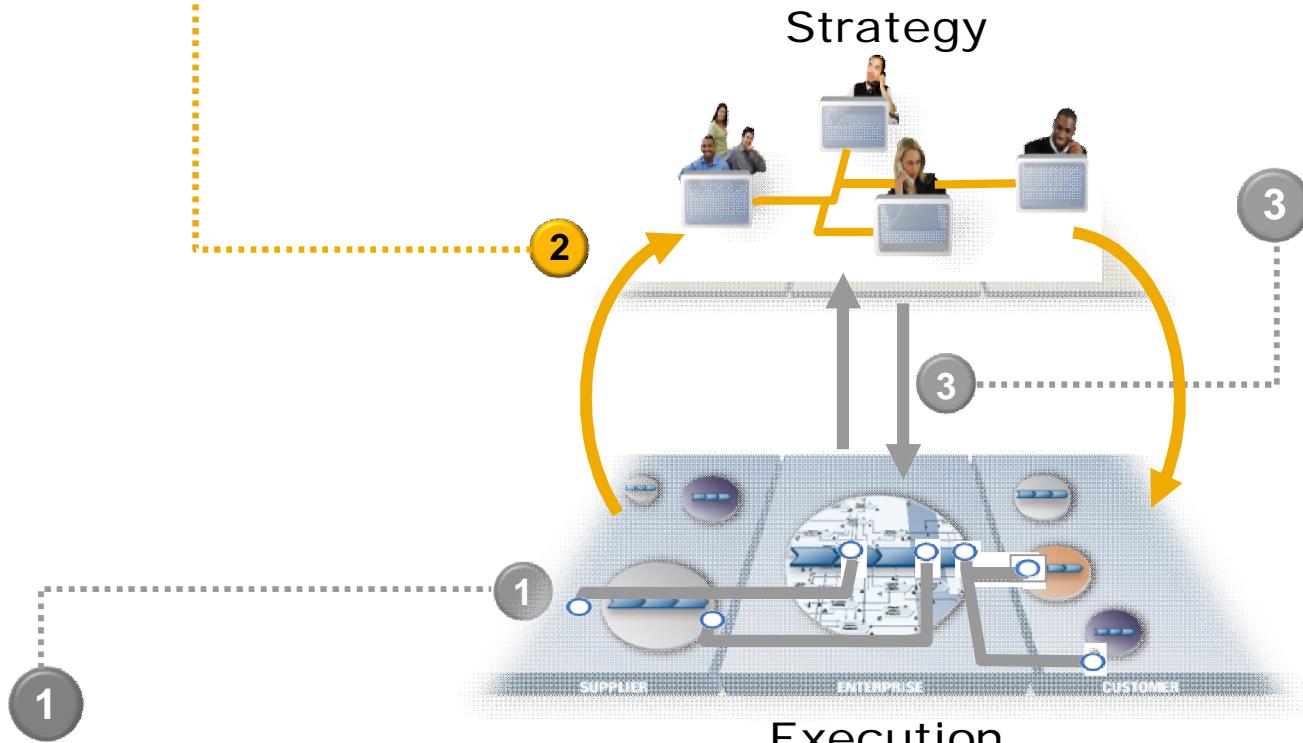
Your business needs Efficiency, Insight, and Flexibility



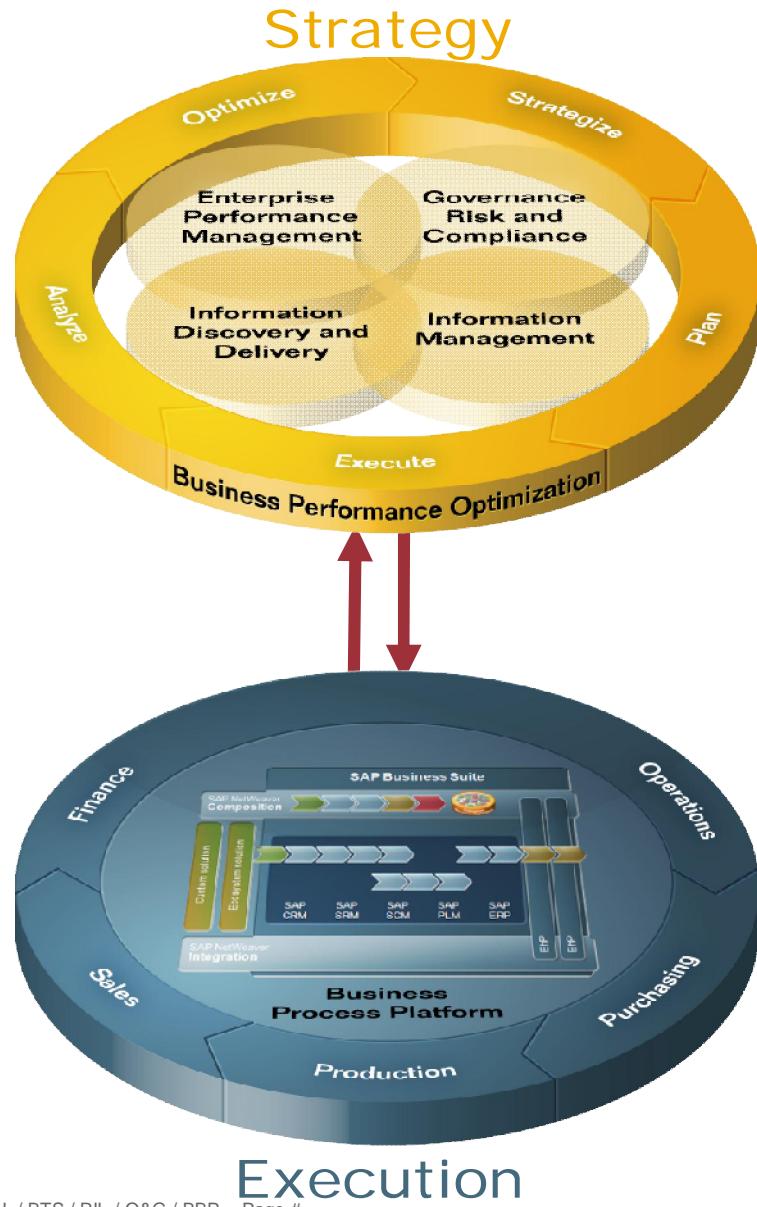
2

Improve **insight** and decision making for better collaboration

Flexibility to create new business processes that align operations to strategy



Optimizing Business Performance Requires Closing the Gap



The Strategy-Execution Gap

- 95%** of a typical workforce does not understand its organization's strategy
- 70%** of organizations do not link middle management incentives to strategy
- 60%** of organizations do not link strategy to budgeting
- 50%** of individual goals and incentive comp are aligned with company strategy.

Source: Harvard Business Review

SAP Business objects

Business Intelligence Platform



Unified information

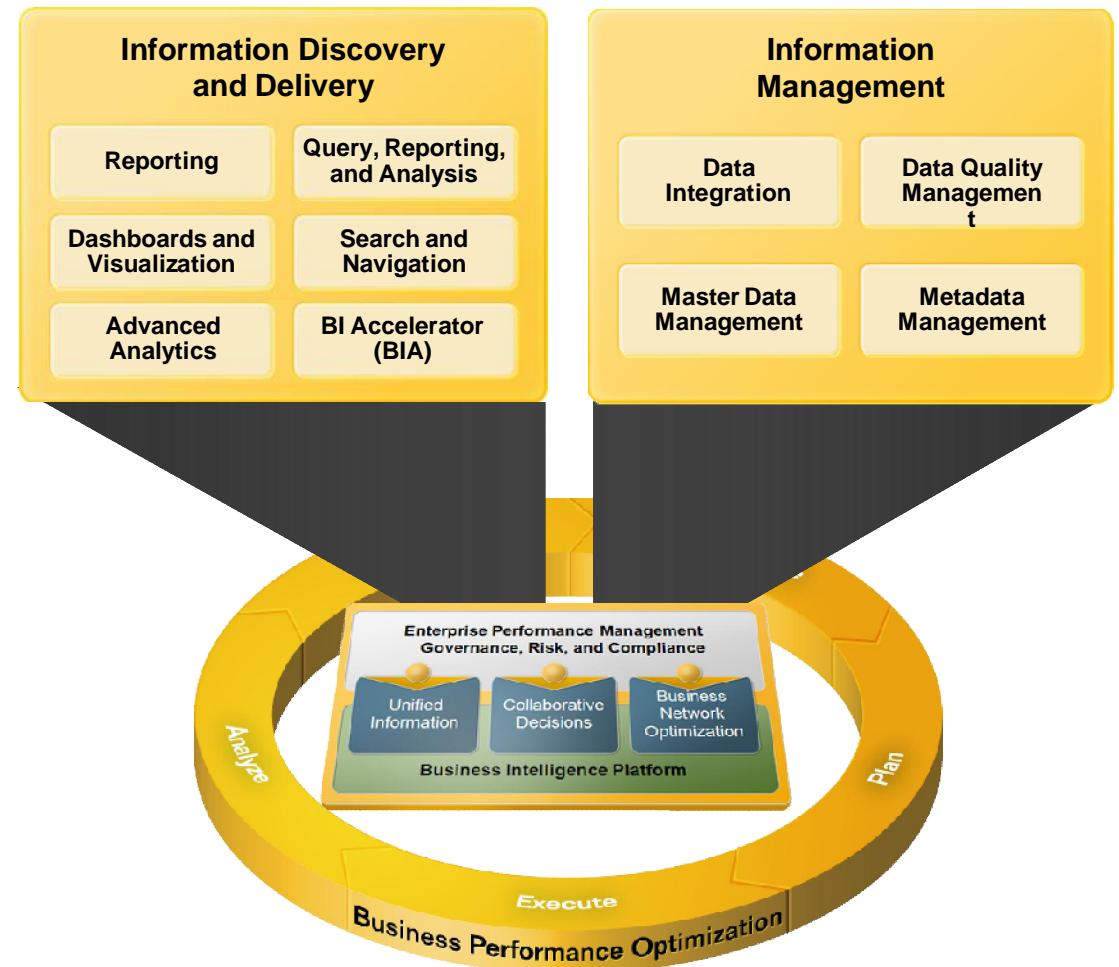
- Provides quantitative and qualitative insight
 - Supports all data sources
 - Delivers complete data quality

Collaborative decisions

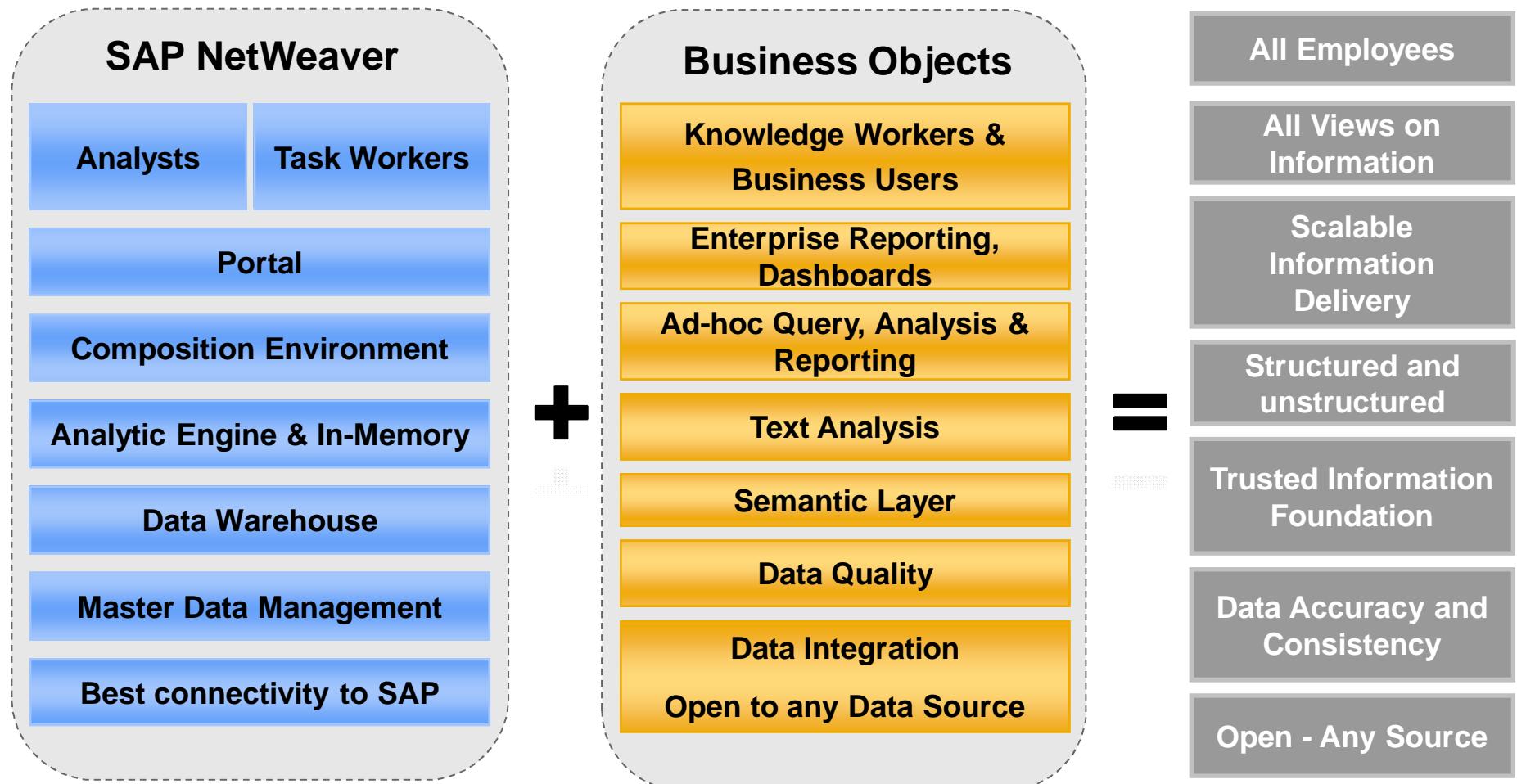
- Supports what-if scenario analyses for collaborative decisions
 - Shares insights, not just data

Business network optimization

- Shares content beyond corporate firewalls within security context
- Shares metadata on information
- Easily consumes third-party data

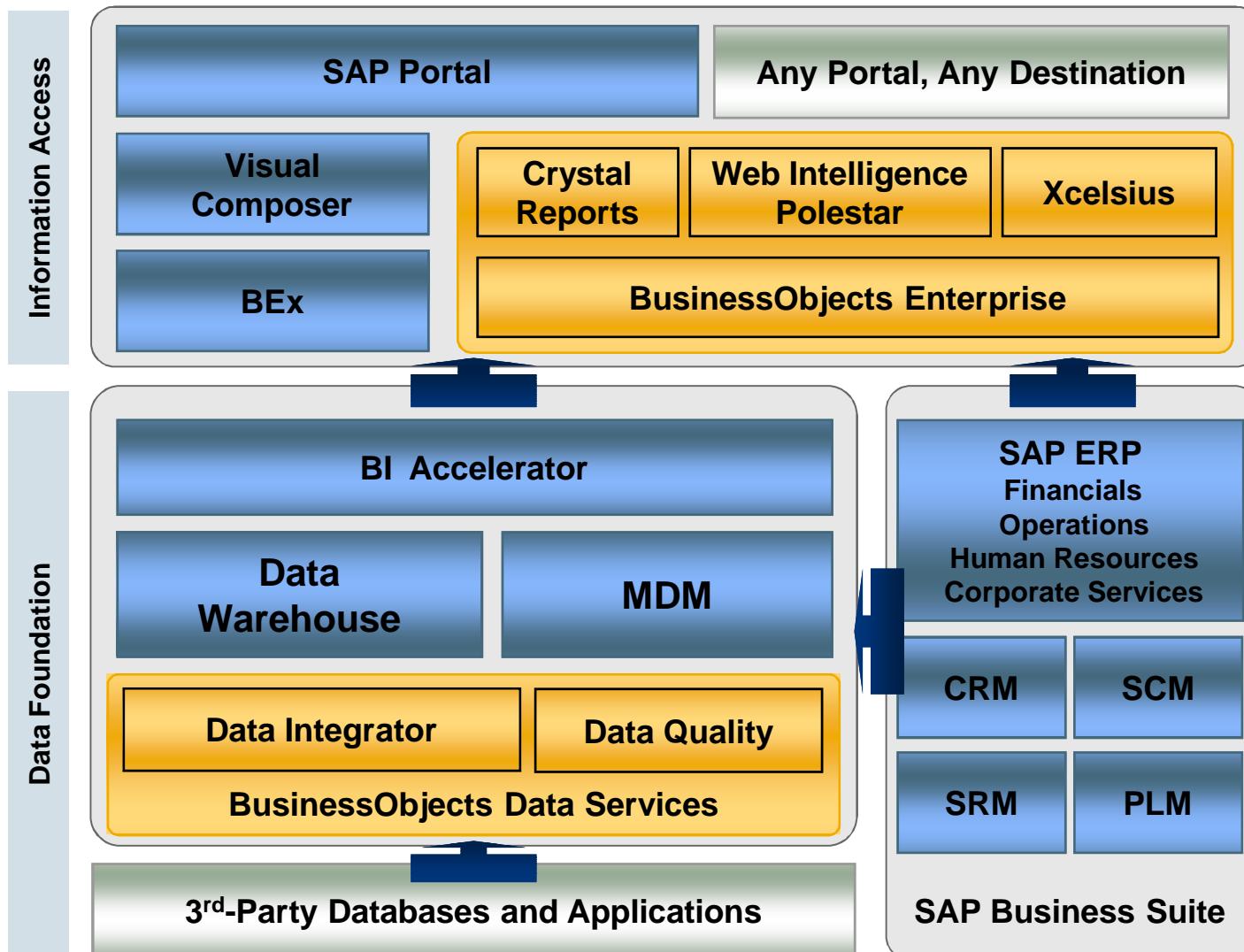


SAP NetWeaver + Business Objects



The New Intelligence Platform

Value Added Within an SAP Landscape



Product Directions for BI Solutions

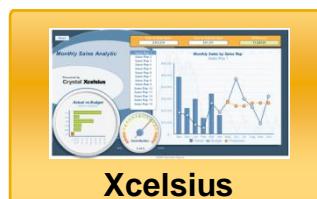
Richest Offering for All Business Users



Dashboards,
Visualization

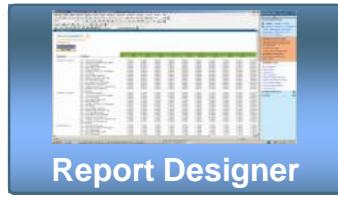


Web App Designer

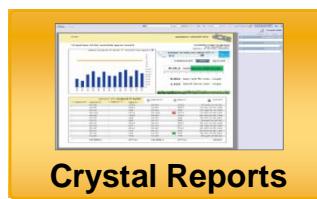


Xcelsius

Enterprise
Reporting

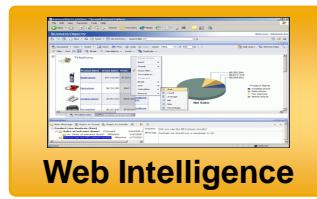


Report Designer



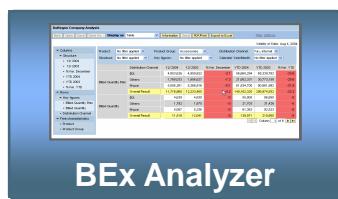
Crystal Reports

Ad-hoc
Query &
Reporting



Web Intelligence

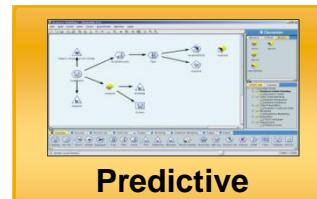
Advanced
Analysis



BEx Analyzer



Voyager



Predictive

Enterprise Data
Warehousing
& BI Platform



SAP NetWeaver BI and BIA



BusinessObjects Enterprise

Product Directions for BI Solutions

Richest Offering for All Business Users

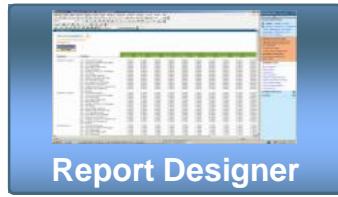


Dashboards,
Visualization



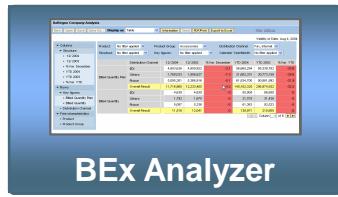
Web App Designer

Enterprise
Reporting



Report Designer

Ad-hoc
Query &
Reporting



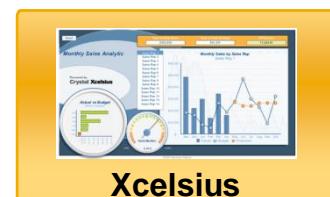
BEx Analyzer

Advanced
Analysis

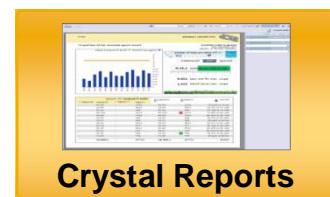


SAP NetWeaver BI and BIA

Enterprise Data
Warehousing
& BI Platform



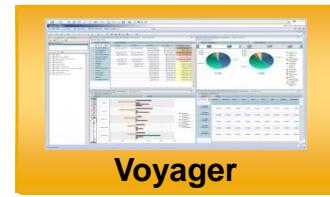
Xcelsius



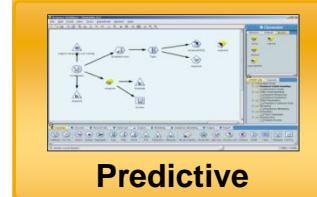
Crystal Reports



Web Intelligence



Voyager



Predictive

And Much
More...



Polestar



BI Widgets



Mobile BI



Web Services

SAP BusinessObjects BI Solutions



Dashboards,
Visualization

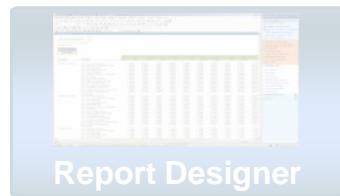


Web App Designer



Xcelsius

Enterprise
Reporting



Report Designer

Ad-hoc
Query &
Reporting



Crystal Reports

Advanced
Analysis



Web Intelligence

Enterprise Data
Warehousing
& BI Platform



SAP NetWeaver BI and BIA



BusinessObjects Enterprise

And Much
More...



Polestar



BI Widgets



Mobile BI



Web Services

Advanced OLAP Analysis Client



High Performance

Optimized direct OLAP data access and built-in support for SAP NetWeaver BI Accelerator

SAP & Non-SAP environments

Key OLAP engines: SAP NetWeaver BI, MS Analysis Server, Essbase
Best TCO for SAP and Non SAP platforms

Pioneer

is a **high-performance**, componentized, next generation OLAP analysis client for **SAP & Non-SAP environments**.

It is **adaptable** to the needs of business analysts, **embeddable** into SAP business processes and designed to **extend the reach** of advanced analytics.

Adaptable

Available in a web 2.0 based and MS Office based flavor

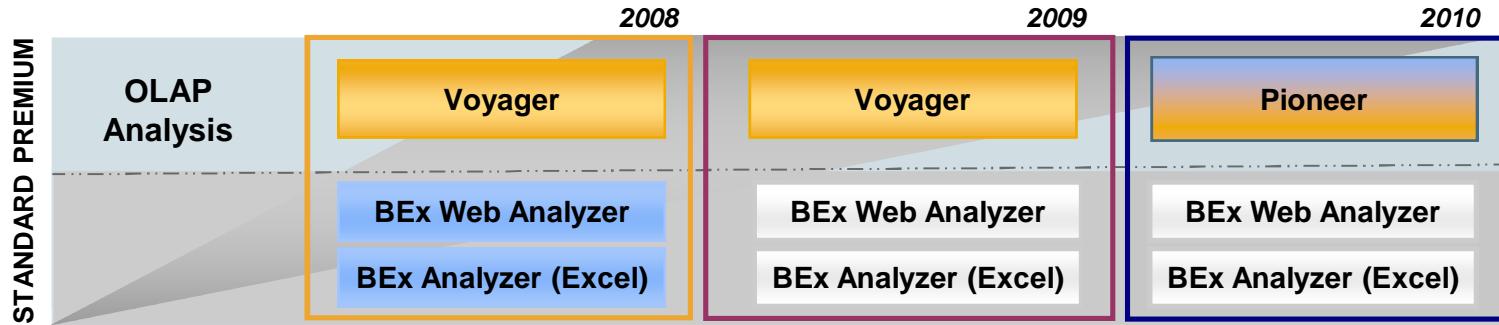
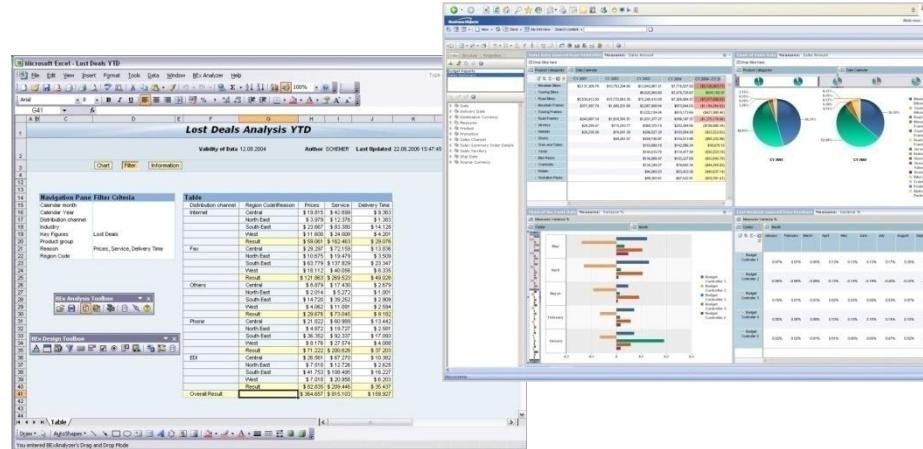
Extend the Reach

Highly interoperable with tools such as WebIntelligence, Xcelsius, Crystal Reports, Polestar, Live Office

Embeddable

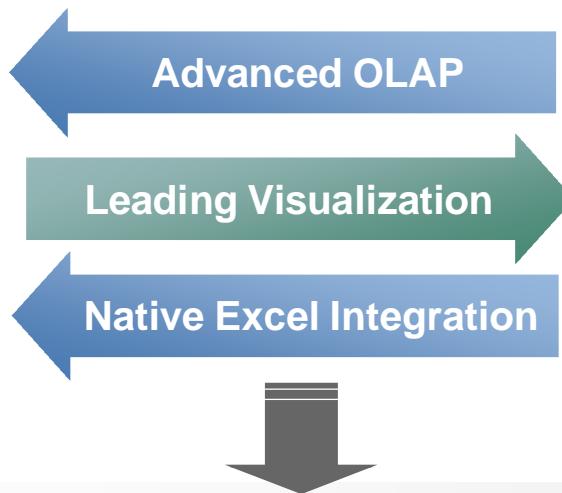
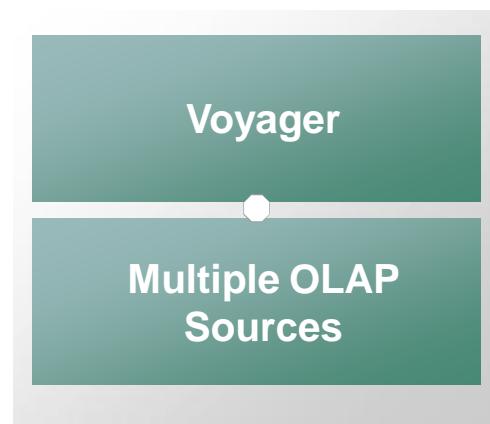
Embedded into core business processes of the SAP Business Suite, CRM & Business byDesign as well as POA applications

Advanced OLAP Analysis

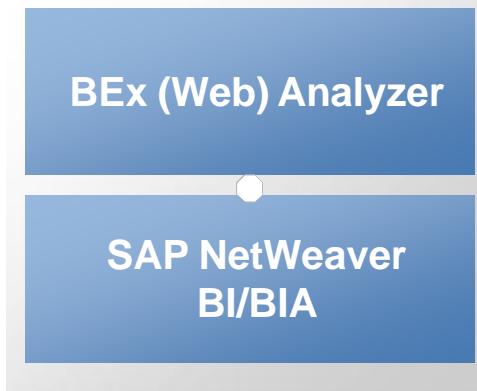


- Pioneer (code name for 2010 releases) provides a superset of capabilities from BEx Analyzer (Excel), BEx Analyzer (Web), and BusinessObjects Voyager
- BEx Analyzer (Excel & Web) will not be enhanced further. It will be available based on current SAP maintenance policy
 - Seamless transition for Voyager customers to Pioneer. BEx Analyzer & BEx Web Analyzer customers transition to Pioneer

SAP Business Objects



SAP NetWeaver BI



- Tailored support for multiple user roles
- Focus on the Business Analysts (Excel/Web) but also extend the footprint of advanced analysis through ease-of-use & tool interoperability
 - Easy migration for existing BEx Analyzer & Voyager customers
 - Ability to fully leverage SAP in-memory analytic engine capabilities
 - Best TCO for SAP on Non-SAP platforms
 - Single architecture for both NetWeaver and Business Objects customers
- Runs with BusinessObjects Enterprise side-by-side with NetWeaver or with tighter integration with NetWeaver for TCO reduction
 - Currently planned availability in 2010

Web Intelligence

Ad-hoc Query, Reporting, and Analysis Client



Out-of-the box ad-hoc capabilities: End-users can analyze data and answer their questions in a single environment

Easy to use application empowering end-users to get the information they need

Combine data from SAP NetWeaver BI and non-SAP data, including MS Excel, in a single report

Web Intelligence
Is the market-leading query, ad-hoc analysis and reporting tool enabling business users to ask iterative questions, on any data, so they can make decisions, communicate and share information with consumers no matter where they are

Intuitive free-form layout with extensive formatting and printing capabilities

Web Intelligence reports can be viewed online, offline, on mobile devices, in dashboards, in MSFT Office, and on the desktop

Same product, online or Offline, embeddable and customizable

SAP NetWeaver BI Data Warehouse

Enterprise Data Warehousing



Business Oriented Modeling

Fast, sustainable implementation through

- Modeling Patterns
- Business Content

Reliable Data Acquisition

Openness and data quality through

- Out-of-the box ETL capabilities
- Integrated BOBJ Data Services (Data Integrator and Data Quality)

EDW with SAP NetWeaver BI provides an integrated, scalable DW platform delivering best practice DW processes that comprise business oriented modeling, reliable data acquisition, streamlined operations and life cycle management.

This powers information consumption at the speed of thought.

Streamlined Operations

Efficient data management through:

- Management of data consistency
- Security:
- Authorization handling
- High availability

Lifecycle Management

Enable sophisticated lifecycle management at different levels:

- System
- Meta Data
- Data (Nearline storage, archiving)

Information Consumption at the Speed of Thought

Support scalable business-oriented analytics

- Analytic engine
- SAP NetWeaver BI Accelerator

SAP NetWeaver BI Accelerator

High Performance and Low TCO BI



Query Performance

- Ready for high data volumes (retail, utilities, banking etc.)
 - Challenging response time SLA
- Ad-Hoc reporting / stable response times
- Scalable blade server platform

Cost of Operation

- Save time to build and maintain aggregates
 - Save disk space
 - Take load off BI hardware
 - Consolidate BI landscape

SAP NetWeaver BI Accelerator is a highly scalable in-memory solution to improve query performance by orders of magnitude while keeping the cost of operation at a minimum. It also cuts down time for development of new BI scenarios and facilitates shorter data latency. The power and flexibility even enables new business scenarios that have not been possible before.

Time for Development

- Less focus on performance aspects (aggregates, caching strategies, DB tuning etc.) → Faster development of new models and queries

Data Latency

- Extremely shortened roll-up and change run times
- Opportunity for more frequent data alignments
- Compression not always needed

New Business Scenarios

- Get more detailed insight into your business

Moving From SAP NetWeaver BI to SAP Business Suite

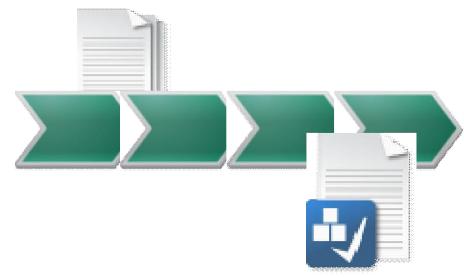


Pervasive BI



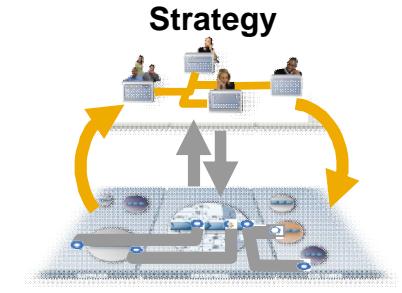
BI adopted by all Business Suite users

Business Processes Integration



Add relevant context to business processes

User Empowerment



Strategy
Execution
Insight to information like never before

Smart Decisions

Actionable BI

Close the Gap

Thank you !



Q E D : Volume-(2) PART-C

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