GET THE FUTURE YOU WANT WITH OUR LARGE S/4HANA TRANSFORMATION PROGRAM (LTP) METHOD

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1. LTP METHOD – RECAP AND WEBINAR JOURNEY
2. TWO SIDES OF THE SAME COIN: CAPABILITIES AND PROCESSES
3. THE GOLDEN THREAD OF VALUE
4. BENEFITS ENABLEMENT AND TRACKING LIFECYCLE
5. TOP 10 TAKEAWAYS

CAPGEMINI'S LARGE TRANSFORMATION PROGRAM (LTP) METHOD

DELIVERING SUSTAINABLE BUSINESS CHANGE THAT GENERATES BUSINESS VALUE

Stage 1 SHAPE PROGRAM

- Transformation Ambitions & Levers definition
- Wave 1 VSM and Process Maturity Assessment to define scope
- Initial Enterprise Architecture Design definition
- Transformation Roadmap and Business Case definition
- Alignment & Sign Off

Stage 2 ESTABLISH PROGRAM

- Wave 2 of Value Stream Mapping
  - Requirements gathering and discussion in context of target Benefits
  - Populate Program Product Backlog
  - Capture business change impacts and any further benefits
- Refine Target Operating Model and Enterprise Architecture
  - Assess, resolve and document Key Design Decisions (KDDs)
  - Initial Solution Menu Definition
  - Refine Application Architecture specifically
  - Define Interim Architectures
- Program Definition
  - Value Based Release Planning
  - Mobilize Project teams
  - Mobilize Program level activities
  - Establish Program and Project KPIs

RUN PROGRAM

Stage 3 BUILD SOLUTIONS

PROGRAM BACKLOG

Project 1 Backlog

Project 2 Backlog

Project 3 Backlog

Project 4 Backlog

Stage 4 DEPLOY CHANGE

People Experience and Enablement

Project 1

Shared Services Set-up

Project 2

Project 3 - S/4HANA Global Template Rollout

Project 3 Pilots

Rollout: Wave 1

Rollout: Wave 2

Rollout: Wave 3

Digital Customer Experience

Project 4

Adopt refined ORE Ways of Working

Knowledge Transfer

Handover

STAGE 0 INITIAL DRIVE FOR CHANGE

Business ⟵ Knowledge Transfer ⟶ Program

OPERATE THE RENEWABLE ENTERPRISE

Current BAU Operations

Maturity Assessment

New BAU Op Model agreed

Transition to new BAU Op model agreed

New BAU Operating Model Enabled

First LTP Transition starts

DevOps and Continuous Benefits Realization

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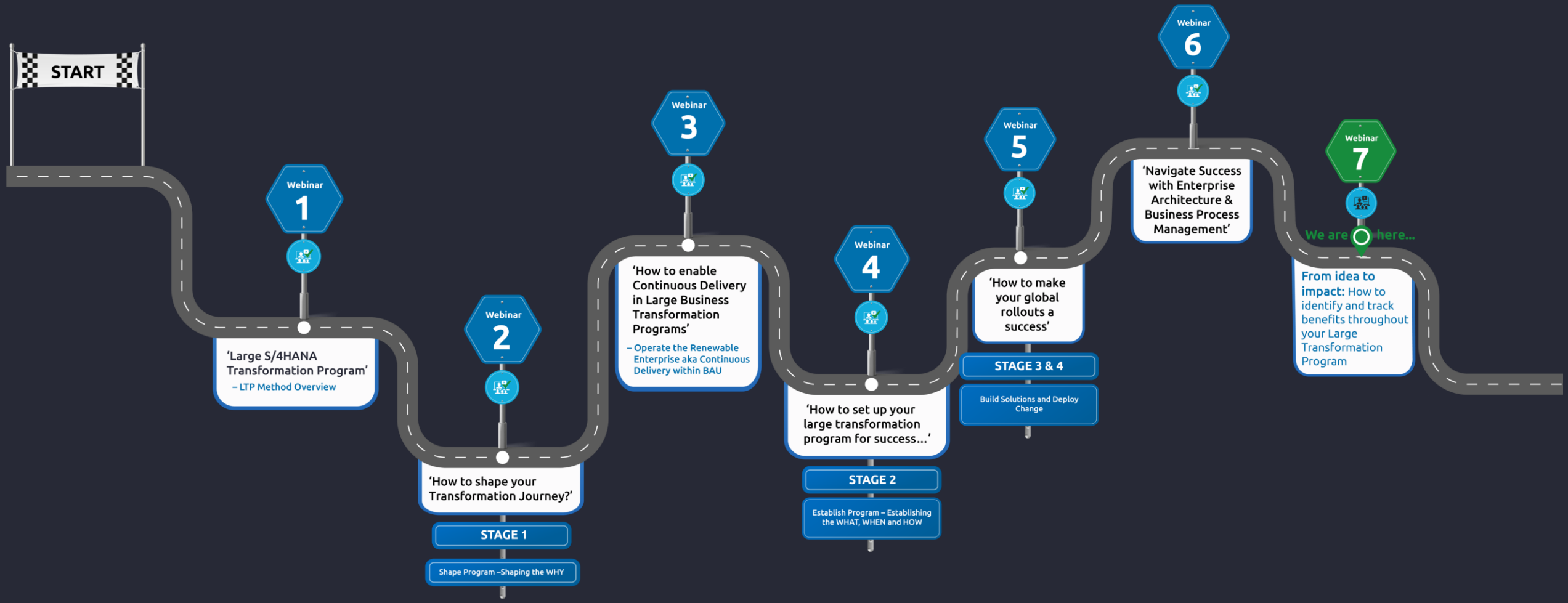
ON THE LTP WEBINARS JOURNEY…



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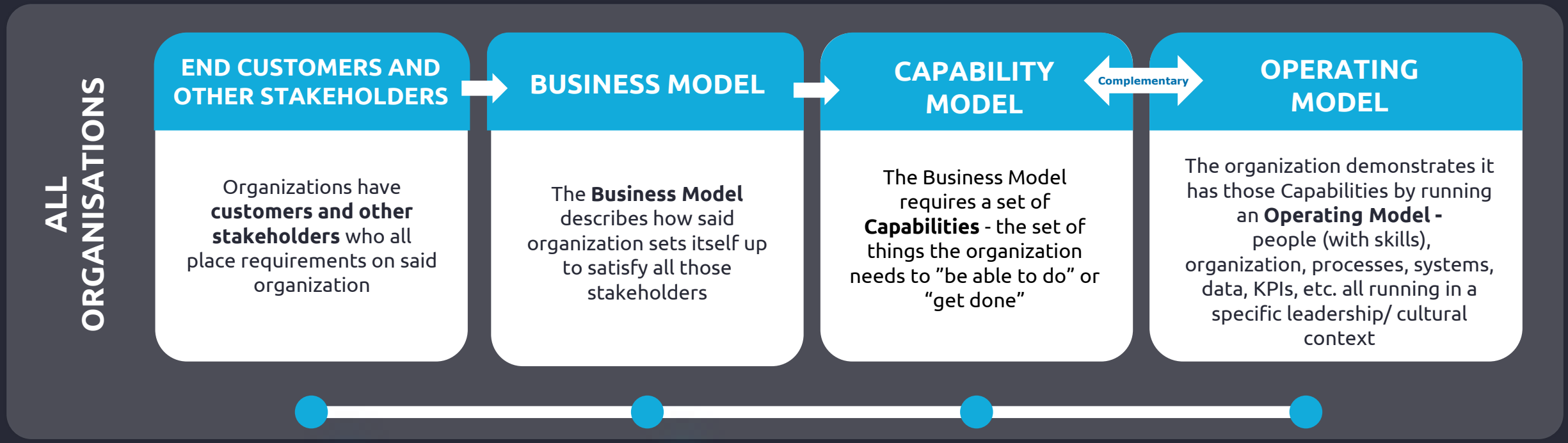
BUSINESS, CAPABILITY AND OPERATING MODELS



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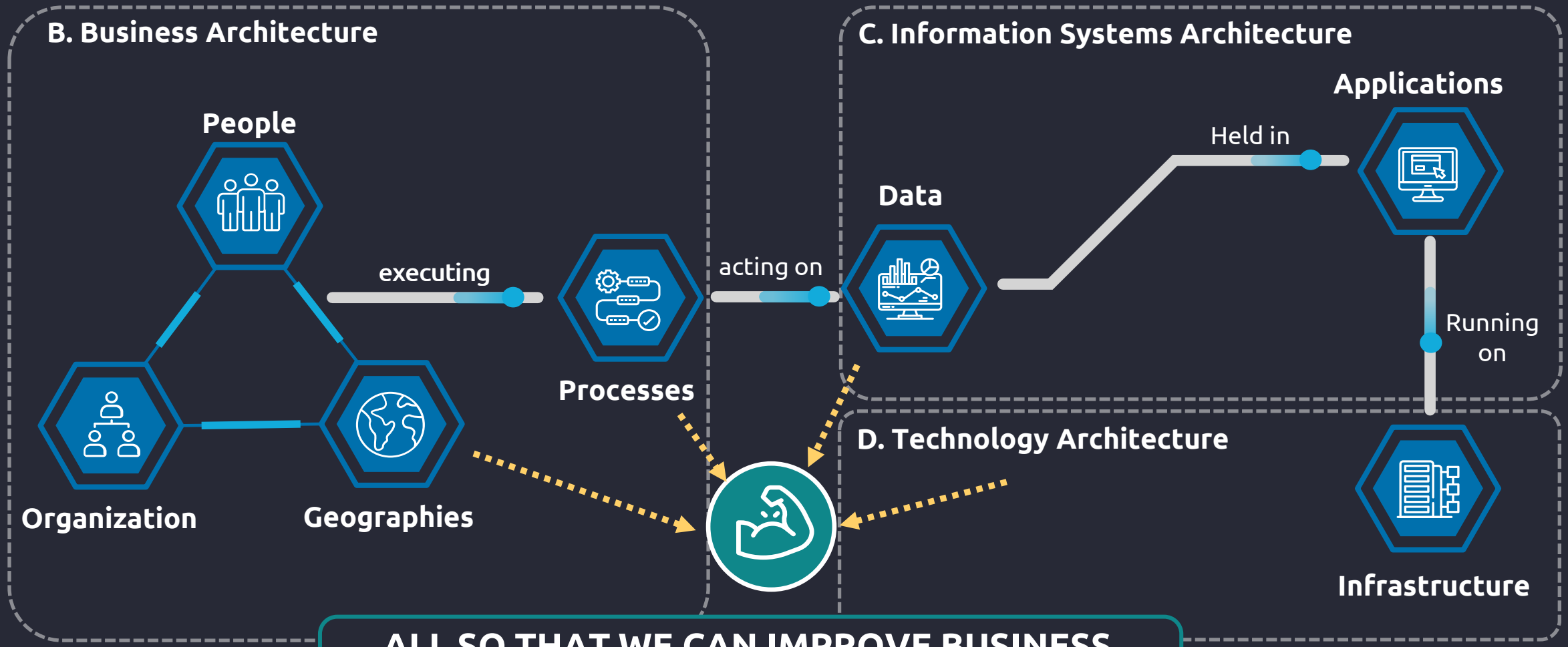
TO TRANSFORM A BUSINESS AND ENABLE BENEFIT OUR METHOD FOCUSES ON DELIVERING CHANGE TO THE OPERATING MODEL OF AN ORGANISATION



ALL SO THAT WE CAN IMPROVE BUSINESS OUTCOMES (AKA CAPABILITIES)

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WE DELIVER SOLUTIONS = PEOPLE + PROCESS + TECHNOLOGY + DATA TO CHANGE CAPABILITIES AND DELIVER BUSINESS VALUE

Changing any of these results in delivery of a ***Solution*** that should change Capability

Term	Capability	=	Process	+	People	+	Technology	+	Data
At a high level	**"What"**		**"How"**		**"Who"**		**"With Which Tools"**		**"On What Information"**
Describes	Business Outcomes		Business Activities incl. Information		Organisation Design, Roles and Headcount		Bespoke/COTS Functionality		Local Data Elements
Rate of Change	Broadly Stable		Changeable		Changeable		Changeable		Changeable
Described by	Abstract and conceptual (noun verb)		Swimlanes (verb noun)		Organogram with Functions		SDDs, Functional Specifications, etc.		Logical Data Models
For example…									
As Is Capability	Maintenance Resource Management (v1.0)		Disparate maintenance order management processes		Team Leads and Maintenance Operatives		Pieces of paper and local knowledge		Planned people availability, list of customer orders
To Be Capability	Maintenance Resource Management (v2.0)		Single order despatch process accessing individuals' skills		Central Order Despatch and Maintenance Operatives		SAP MRS, HR Skills Profile and mobile access		Real-time availability and geo location, rush orders.

Value of the change is $Xms

Business Case made up from value derived from Capability changes

"Why"

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OUR GOAL IS TO THE CREATE A GOLDEN THREAD LINK BETWEEN BENEFITS – CAPABILITIES – PROCESSES

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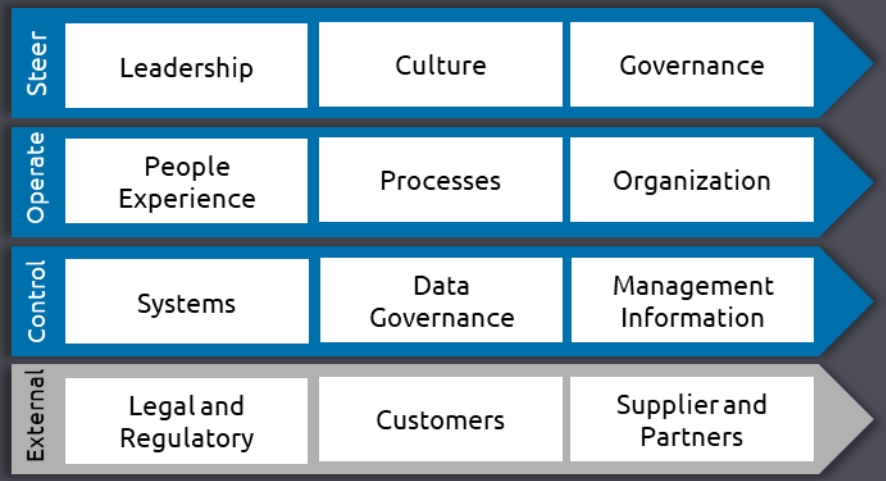
WHY DOES THIS LINK MATTER?



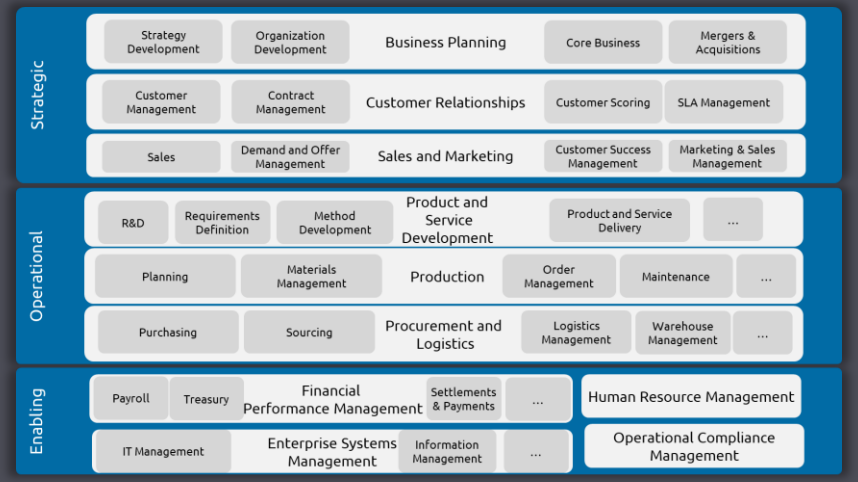
OPERATING MODEL

Multiple changes, some repeated, many linked.

Changes delivered by multiple projects at multiple points in time within a Large Transformation Program.

Not as useful as Capability for keeping track through a Program.

changes to Operating Model deliver benefit through enhancing current Capabilities



CAPABILILTY MODEL*

The capabilities themselves don't change that much through a program**.

So we have a framework that we can use to scope, deliver and track the Solutions we create.

THEREFORE, WE LOOK TO TIE BENEFITS TO CAPABILITY CHANGE NOT PROCESS CHANGE

*Illustrative - input source: Business Capability Map and Model - The Definitive Guide | LeanIX
** Unless we're adding or deleting capabilities through a business model change. Even those will be add/delete actions that shouldn't impact our ability to track progress using the rest of the model

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COMPLEMENTARITY OF CAPABILITIES AND PROCESSES

How a business delivers to its customers and stakeholders

What a business needs to do to deliver to its customers and stakeholders

PROCESS EXECUTION DELIVERS BUSINESS OUTCOMES (CAPABILITIES)

THEY BOTH BELONG IN HIERACHIES

CAPABILITIES PUT REQUIREMENTS ON PROCESSES

WE DESCRIBE SCOPE,GATHER REQUIREMENTS AND DEPLOY BY PROCESS

THE SOLUTIONS WE DELIVER ARE EFFECTIVELY CAPABILITIES

PROCESSES

The same coin

CAPABILITIES

1 TO MANY PROCESSES ARE NEEDED TO DEMONSTRATE A CAPABILITY

A CAPABILITY MAY PLACE A REQUIREMENT ON MORE THAN 1 PROCESS

OPIs MEASURE PROCESS EFFECTIVENESS…

…AND KPIs MEASURE THE BENEFIT TIED TO CAPABILITY CHANGES

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SO WE NEED TO BE ABLE TO TRACK BOTH CAPABILITY AND PROCESS AND THE RELATIONSHIP BETWEEN THE TWO

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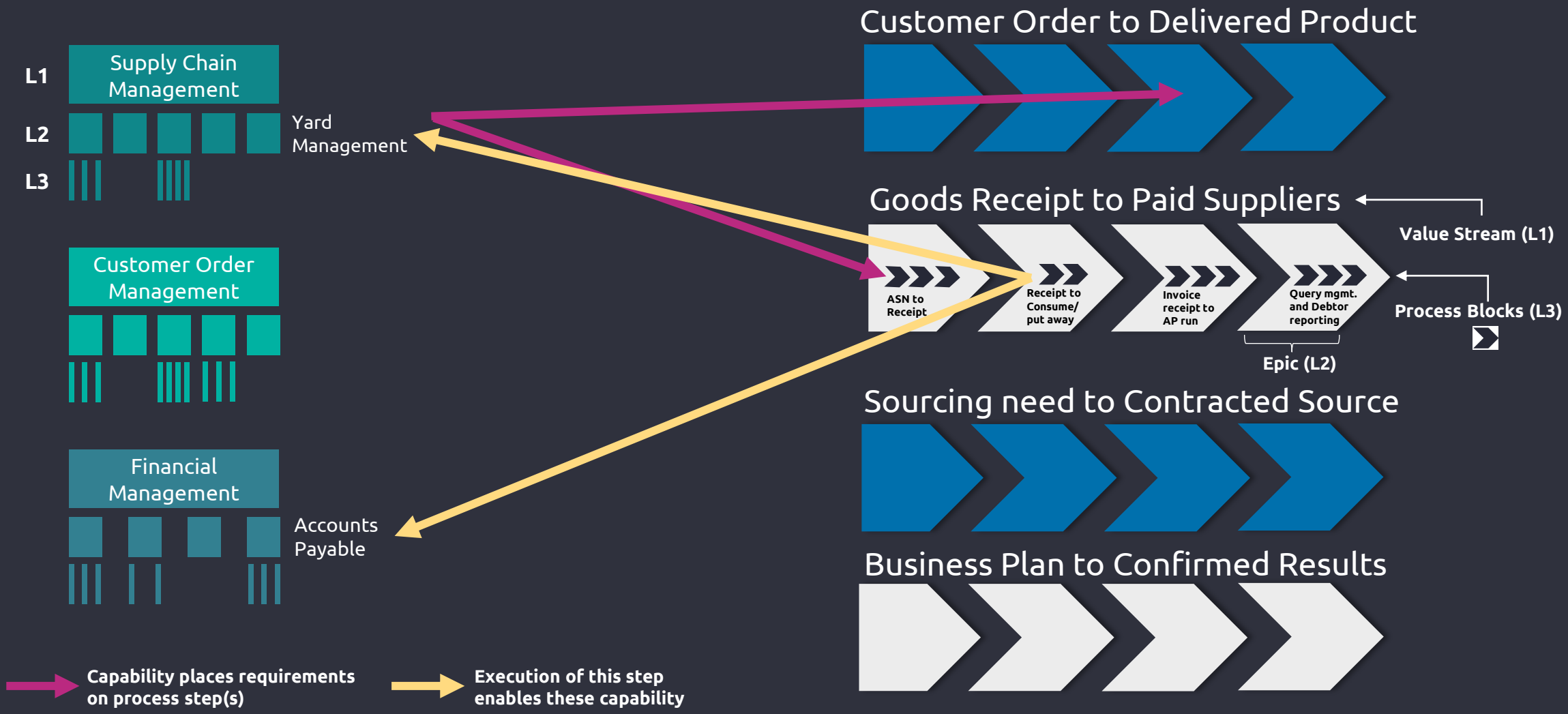
THERE EXISTS A MANY TO MANY RELATIONSHIP BETWEEN THE TWO



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WHERE BEST TO LINK BENEFITS?

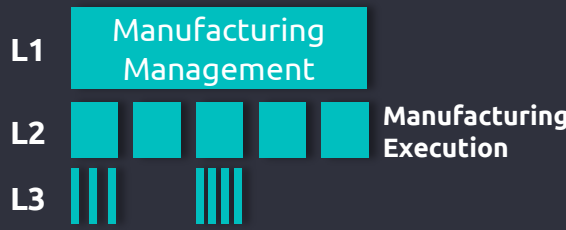
BUSINESS CASE SETS THE TARGET

We want to deliver benefit by moving the needle on KPIs…

For example moving inventory turns from 6 to 12 will deliver €Xm in benefits

…but first we have to work out which capabilities need to improve…

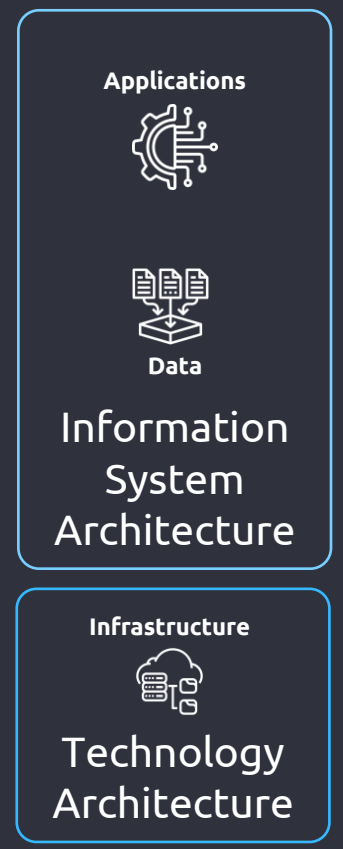
…and how easy is it to tie a KPI to a Process Block. Shouldn't we go through some OPIs first…



- Assembly Takt reduction
- Usage of common parts
- Forecast accuracy

Identifying all these and making the link to Capability/KPI and then to Change (Solution) takes time and probably quite a lot of work!!!

…so we can link changes to the Architectures to OPIs that are related to Capability Change and therefore will deliver Benefit



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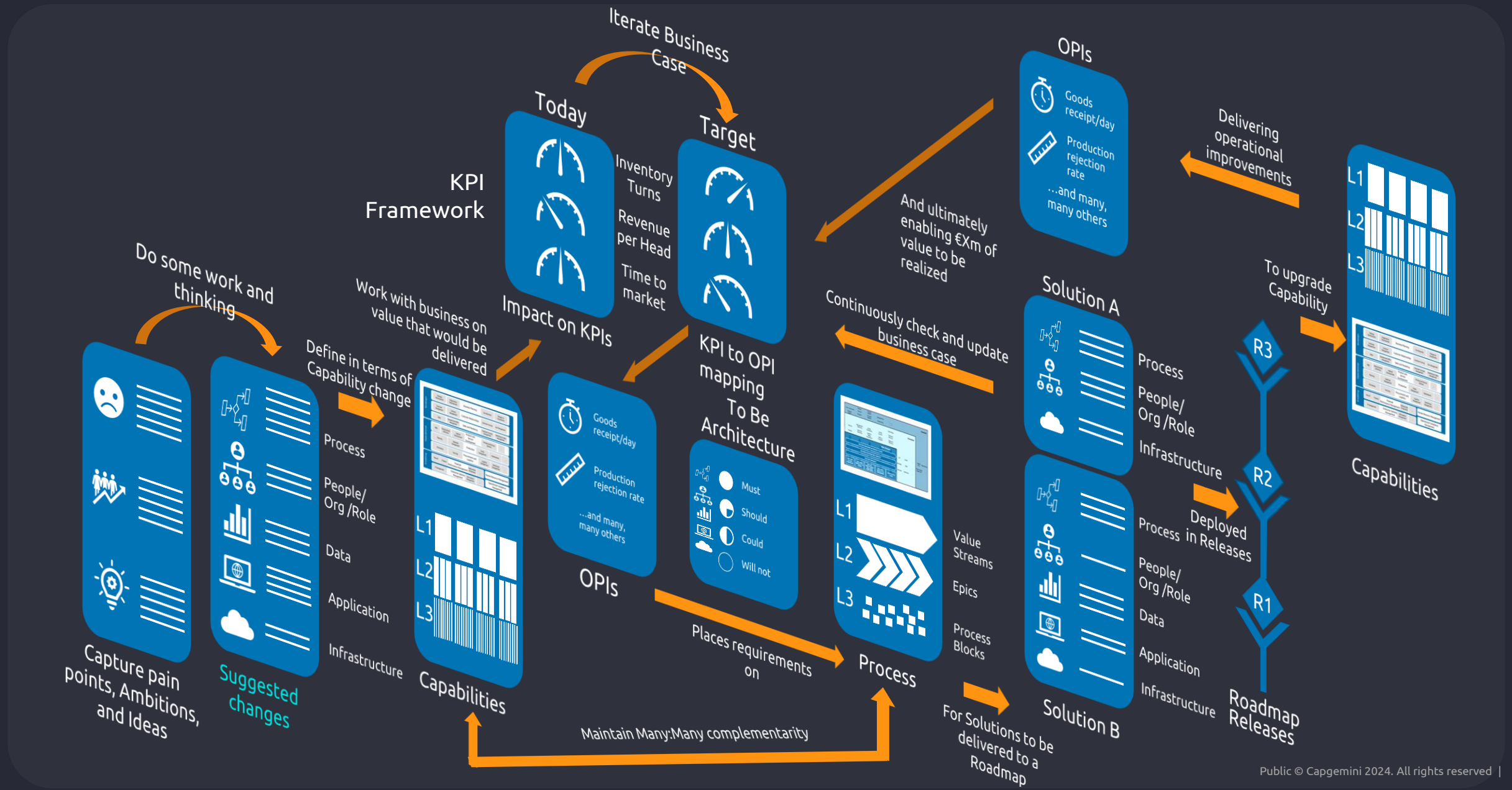
PIECING IT ALL TOGETHER



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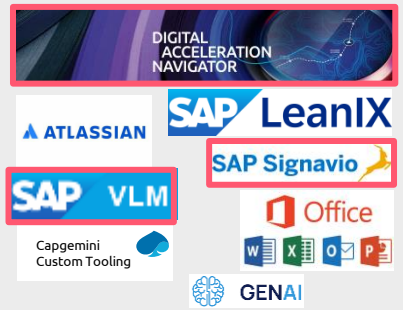
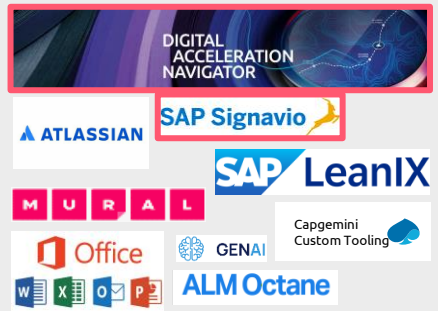
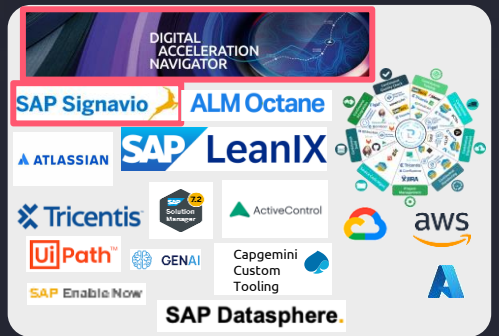
METHOD, TOOLS AND CONTENT FOR BENEFITS IDENTIFICATION AND TRACKING

	STAGE 1 SHAPE PROGRAM	STAGE 2 ESTABLISH PROGRAM	STAGE 3 BUILD SOLUTIONS	STAGE 4 DEPLOY CHANGE
KEY METHOD ACTIVITIES	• Stakeholder Interviews • Benchmarking • Capability Modelling and Change scoping • Value Stream Mapping (Wave 1) • Business Case Modelling	• Value Stream Mapping (Wave 2) - target changes and benefits from Stage 1 are clearly articulated and used as guardrails • Process requirements and Capability Change linkage - updated benefits and business case • Architectures and Solutions Menu Definition • Value Driven Release Planning • Business Change Impacts definition	• Value Stream Mapping Wave 3 – solution detailed design • Solution change management – aligned to associated target value • Tracking of early value enablement and realisation	• Solution deployment (incl rollouts) • Solution change management – aligned to associated target value • Tracking of value enablement and realisation against Stage 2
SUGGESTED CONTENT*	• Industry Benchmarks • Industry Reference Models • Reference Capability Models • Typical pain points, ambitions, value levers • Stakeholder specific by industry questionnaires	• Stage 1 outputs as scope parameters – e.g. capability changes, value streams, architectures, business case • Industry Reference Models • Reference Capability Models • Product Roadmaps (e.g. SAP)	• Stage 2 outputs as scope parameters – value streams and processes, program and project backlog of requirements, architectures, initial business change impacts, program governance, KPI/OPIs, etc. • Industry Reference Models • Specific area content – e.g. test scenarios for automation, training content, etc.	• Stage 3 outputs as scope parameters – solution documentation, training documentation, program governance, etc. • Industry Reference Models • Specific area content – e.g. test scenarios for automation, training content, etc.
SUGGESTED TOOLING*				

Directly linked to benefits identification and tracking

*Directly and/or directly linked to value identification and tracking – e.g. content and tooling for build and test activities illustrated even if not specifically used for tracking benefits (KPI's/OPI's) and used to deliver/track delivery of solutions that enable benefits. Sample lists only.

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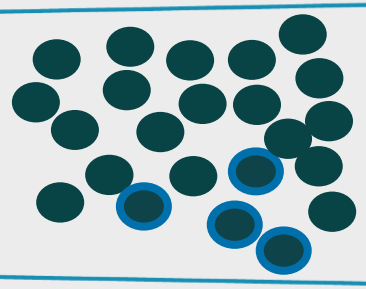
BENEFITS ENABLEMENT AND REALIZATION THROUGH THE PROGRAM LIFECYCLE

- Initial benefits identified
- Additional benefits identified
- All benefits expected from the program (identified and confirmed as targets through Stages 1 and 2)
- Quick wins/earlier realisation through Stages 1-3
- Full benefits realisation of identified and confirmed target benefits

STAGE 1 SHAPE PROGRAM

INITIAL BENEFITS AND SAVINGS POTENTIAL FUNDING THE PROGRAM



Examples:

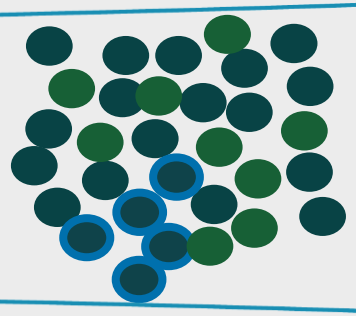
a. Reduction in Customer SLA Penalties (better stock allocation and contract renegotiations)
b. Reduction in Logistics Cost
c. FTE reduction and Wage Arbitrage (elimination and automation, and wage arbitrage through consolidation)
d. Reduction in Claims Value
e. Reduction in Dropped orders

Examples:

i. Review of architecture landscape on RISE leading to reduction in # of tiers and associated infrastructure and maintenance costs
j. Data archiving of x TB data optimising data storage and management cost
k. Asset transfer to Capgemini reducing maintenance cost

STAGE 2 ESTABLISH PROGRAM

ADDITIONAL BENEFITS IDENTIFICATION AND EARLY BENEFITS ENABLEMENT AND REALIZATION



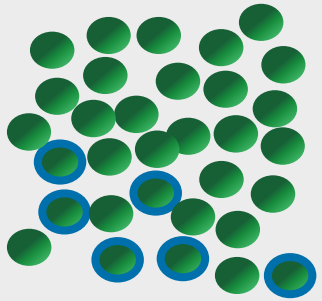
Examples:

f. Reduction in Detention Cost
g. Reduction of Spot Buying on-cost
h. Optimized non-promo TTS Spend

Examples:

a. Reduction in Customer SLA Penalties – partial benefit delivered earlier due to opportunity to renegotiate SLAs
c. FTE reduction and Wage Arbitrage – partial benefit delivered earlier due to staff transfer and consolidation of activities into offshore hub
l. Long tail vendor consolidation leading to % savings out of addressable scope

STAGE 3 BUILD SOLUTIONS



Examples:

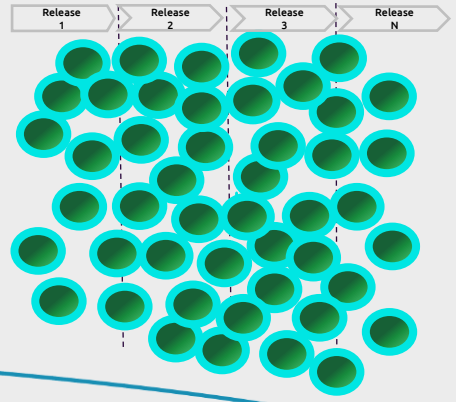
e. Reduction in dropped orders – benefit delivery accelerated due to better master data quality leading to reduction in dropped(rejected) customer orders due to master data issues

d. Reduction in Claims Value - benefit delivery accelerated due to better administration of claims process reducing the overall claims value and associated revenue leakage.

h. Optimised non-promo TTS spend - benefit delivery accelerated due to improved administration of the Trade Terms preventing overspending and precise accruals.

STAGE 4 DEPLOY CHANGE

BENEFITS ENABLEMENT AND REALIZATION



Examples:

% value delivered in line with deployment plan to full realisation of benefits:

a. Reduction in Customer SLA Penalties (better stock allocation and contract renegotiations)
b. Reduction in Logistics Cost
c. FTE reduction and Wage Arbitrage (elimination and automation, and wage arbitrage through consolidation)
d. Reduction in Claims Value
e. Reduction in Dropped orders
f. Reduction in Detention Cost
g. Reduction of Spot Buying on-cost
h. Optimized non-promo TTS Spend

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THE 10 KEY TAKEAWAYS

01 SAP-enabled transformations are done for a reason and that is business benefits realization!

02 Prioritize the ‘big fish’ benefits first and how to deliver those…instead of looking for a 1000 small ones

03 Your business case isn’t static! It gives the initial benefits target (north star) and needs revision as your transformation progresses

04 To enable benefit, we look to upgrade Business Capabilities by making changes to the Operating Model

05 Capabilities and Processes are complementary! Tracking both and their relationship (many to many) is essential for LTPs

06 Benefits are tied to Capability Change and not a Process Change

07 There is a difference between a KPI and an OPI. KPIs measure benefit tied to capability change, OPIs measure process effectiveness

08 Capability improvement and bottom-line benefits can be delivered by many solution components, implemented in multi-partner environment

09 Tracking each solution component and its impact on benefits is complex! And with the right approach benefits can be measured just like any other program performance metric

10 Dedicate a Value Delivery Office focused on value realization tracking using the right mix of tooling (e.g. Digital Acceleration Navigator, SAP Signavio)

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GET THE FUTURE YOU WANT

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