

Successfully Outsourcing SAP Remote Services

In today's dynamic business environment, IT departments need to remain agile so they can align IT strategy with shifting business, market, competitive and economic conditions. Outsourcing is one way to adapt resources to suit an ever-changing landscape but outsourcing can also introduce risks if the right partner is not engaged or the partnership is mismanaged.

Companies rely on SAP deployments to run their core business operations. As a result, outsourcing decisions must contemplate security controls and allow the IT department to maintain operational control.

In an effort to help you identify and manage risks, this paper addresses some common outsourcing concerns and objectives, and provides practical information that can help you more effectively address your current and future business requirements.

Why Outsource?

The rate of business-related change coupled with technology innovation and cost cutting makes IT management more difficult than ever. As a result, companies outsource some IT functions to:

- Lower total costs
- Reduce time to market
- Gain instant access to rare skills
- Improve service levels
- Streamline business and IT processes
- Focus in-house IT resources on core competencies and strategic projects

Historically, organizations have hesitated to outsource mission-critical application development, maintenance and support due to the highly sensitive nature of the data contained in warehousing, logistics, human resources, payroll, and other core business applications. Today, it is becoming a mainstream practice to outsource mission-critical projects because competitiveness depends on it. Toward that goal, IT departments are implementing more rigorous due diligence as it relates to potential partners, and they are adopting more sophisticated policy-

driven management practices. In turn, the service providers must be capable of delivering the kind of security, operational transparency, service-level support, and communication necessary to keep the client's business operating persistently 365/24/7.

Lower Costs

Over the years, IT departments have realized that continually hiring experts in-house or constantly retraining the existing workforce are not sustainable options, particularly when it comes to SAP deployments that require deep and specific types of domain expertise. The costs are prohibitive and business is moving faster than the organization's ability to find and train top-level talent.

Outsourcing can help reduce the costs of building, maintaining, managing and supporting SAP applications because resources can be allocated in the most cost-effective manner.

Reduce Time to Market

The global, connected economy spurs ruthless competition and accelerated innovation. Even though IT budgets have been frozen or slashed, IT departments are expected to achieve more in less time with fewer resources.

To keep pace with market changes and the competitive velocity, organizations are outsourcing some functions so that application maintenance, support, and customized innovation can occur simultaneously.

Gain Instant Access to Rare Skill Sets

There are fewer SAP experts than Java or .NET experts so talent can be hard to find, especially when a company is located in an area where there is high demand for SAP expertise. It can take an inordinate amount of time to locate such experts which can distract IT departments from making the kind of progress executive management expects.

Outsourcing provides instant access to highly specialized SAP skill sets in niche areas including SCM, HCM, and CRM. Moreover, the costs are often lower than hiring SAP consultants and contractors. Outsourcing can also be used to provide a 24/7 helpdesk as the first level of IT support.

Improve Service Levels

When it comes to mission-critical applications, downtime is never an option so IT departments must look for ways to continually enforce and improve service levels to the business, its partners, and customers.

By defining processes that identify and measure SLAs, IT departments can streamline additional support processes that can improve service levels, and they can enforce SLAs across outsourced resources.

Streamline Processes

Because businesses are technology dependent and technologies are evolving rapidly, managing IT can become chaotic when processes are ill-defined or resources are not optimally allocated. Businesses that have implemented SAP Business Suite trust the software to run critical business operations. As a result, any unscheduled outage or downtime has a direct impact on business operations and the bottom line. Therefore, IT departments must critically analyze proposals to ensure they provide remote offsite support and maintenance of the SAP infrastructure.

Outsourcing, when properly planned and managed, allows IT departments to streamline processes in the most efficient manner so the business can continue to run smoothly. Outsourcing can also help the IT department maintain both short-term and long-term views of business process requirements, as well as achieve better cost and time efficiencies.

Focus In-House Resources on Core Competencies and Strategic Projects

Software maintenance and support often distract IT departments from their core competencies causing competitive disadvantages. While IT departments may want to spend more time identifying and launching strategic projects, the reality is great minds are mired in tasks that are critical to ongoing business functions but not necessarily critical to strategic growth.

Outsourcing can alleviate such distractions by providing consistent and reliable application maintenance and support, which can otherwise be an unwieldy time sink for IT departments.

How to Successfully Outsource Remote SAP Services

The success of remote SAP services is ultimately measured by the positive effect the outsourcing partner has on the client's business. In the best cases, the partnership becomes so transparent that the outsourcing partner becomes an extension of the IT department.

Selecting the right outsourcing partner and sound management of the relationship are obvious parts of the equation; however, both are easier said than done. Less obvious are the simple things IT departments can do to ensure the success of their outsourcing relationships such as:

- Assume control of the relationship before it begins

- Verify the partner's capabilities
- Approach the relationship in a phased manner

Assume Control of the Relationship Before It Begins

Although outsourcing has become a mainstream activity, not all IT departments are managing outsourced resources in a manner that best serves their organizations. As a result, some organizations have suffered from loosely managed outsourced resources while others have micromanaged their way to disaster.

Before engaging an outsourcing partner, define a framework based on a proven methodology that ensures policy-driven security, tight collaboration among all stakeholders, and constant transparency regarding the state of service operations. This enables a true partnership between the IT department and its outsourcing partner, and it allows the IT department to maintain control of outsourced IT projects.

Verify the Partner's Capabilities

Different outsourcing organizations may sound similar but vary greatly upon closer inspection. To mitigate concerns about the security of sensitive business data and the overall control of SAP operations, IT departments should first verify whether the outsourcing partner has the structure, policies, and resources necessary to support the immediate and long-term needs of the organization.

Approach the Relationship in a Phased Manner

Outsourcing is best conducted in a phased manner to minimize risks and control outcomes along the way. Project phasing should be based on a framework that controls data security and allows for tight collaboration between the IT department and service provider. It should also include milestones and key performance indicators that must be met before proceeding to the next phase of the process. Using the following phased method, IT departments can better ensure the integrity and success of their SAP efforts:

- **Phase 1**
 - Establish collaboration, communication and escalation models
 - Define security procedures
 - Establish VPN connectivity
- **Phase 2**
 - Articulate key business processes and map them to SAP customizations
 - Build SAP object inventory
 - Document the project implementation, processes, and business process master list. (If upgrading SAP applications this step can help define the upgrade project.)

- **Phase 3**
 - Define support processes
 - Ensure that the service provider is providing shadow support under the guidance of your IT team
 - Prioritize key business processes and their sequence for outsourced support
- **Phase 4**
 - Transition support for target functional areas and business processes
 - Track performance through SLAs and customer feedback
- **Phase 5**
 - Transition complete support for the entire scope of the project
 - Discuss the next steps with your service provider such as project-based enhancements, new development, and new technologies (such as SAP NetWeaver).

Conclusion

Outsourcing SAP development, maintenance and support is a critical decision that must reflect the integrity and quality standards of the client's unique business. Using a phased approach to outsourcing, IT departments can ensure business processes continue to flow smoothly and sensitive corporate data remains secure. Defining and enforcing corporate-driven standards can also ensure that bi-directional operational transparency, frictionless collaboration, and proper escalation can be achieved between the IT department and its outsourcing partner.

Although some organizations have experienced the adverse effect of under-managing or over-managing outsourced resources, using a phased, transparent, and carefully managed approach to outsourcing can help ensure a long-term, progressive partnership in which the outsourcing partner becomes an invaluable extension of the internal IT team.

The Nagarro Difference

Nagarro is a full service SAP solutions provider specializing in SAP ERP, HR and SCM, with deep expertise in SAP NetWeaver. Using a judicious mix of onsite and offsite development, Nagarro's experienced consultants help you gain the maximum ROI from your SAP investments. Strong domain expertise combined with more than a decade of onshore and offshore software development experience has helped Nagarro become a trusted, strategic development partner for our clients.

For SAP support and maintenance projects, in our experience over 80% of development activities can be conducted remotely. At Nagarro, we leverage our offshore development center in India to bring cost savings to our customers through a judicious mix of onsite and remote resources.

Our SAP Services include:

- SAP Functional services in SAP ERP, HCM and SCM
- SAP ABAP and Advanced ABAP (WebDynpro, Enhancement Framework, Workflow)
- SAP NetWeaver across SAP Portals, BI, PI/XI, WebDynpro, Adobe Integration, CAF and SOA.

Contact us today to find out what we can do for your business.

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