



SAP Business Process Outsourcing

BUSINESS PROCESS OUTSOURCING WITH SAP® SOLUTIONS

**Achieve Business Process Excellence
Choose BPO Services Powered by SAP Software**

THE BEST-RUN BUSINESSES RUN SAP™





Is BPO Right for You?

Corporate agility is a prerequisite for survival, and in an uncertain business environment, companies are continually reviewing their value propositions and restructuring their organizations to become leaner and more efficient. For a growing number of these enterprises, outsourcing peripheral activities to external providers, or business process outsourcing (BPO), is becoming an attractive and cost-effective alternative to managing them internally. BPO allows you to devote more resources to your core competencies – those that provide value to customers and differentiate your company from your competitors. This is crucial in today's tough markets.

But is BPO right for your company? While it's true that BPO can generate substantial value, it can also be fraught with substantial risks. Simple, small-scope, highly standardized BPO services are relatively easy to obtain with a minimum of due diligence. But much of today's BPO requires customer involvement that's on par with corporate development – even a joint venture or merger. Value should be measured not only in terms of reduced costs, but also with an eye to how well your BPO provider can accomplish your objectives, mitigate the risk of service delivery, and improve the quality of your processes.

This makes choosing the right BPO partner one of the most critical aspects of your outsourcing initiative. Ultimately, you want a trusted partner with the right capabilities that delivers a reliable, sustainable service – one that enables innovation, accommodates your need for agility, and offers your company the greatest value over the long term. This is what BPO services powered by SAP® software make possible.

How Can SAP Help?

What is SAP's role in business process outsourcing? We provide enabling software and services – tightly aligned with BPO objectives – that support outsourcing providers running SAP software in delivering the best services possible. When you engage a provider adhering to the “Powered by SAP” program, you benefit from all the advantages and assurances that come with SAP's world-renowned business process expertise.

SAP supports select BPO providers in setting up services that generate sustainable business value by reducing costs, lowering risks, and improving process quality. Delivering services powered by SAP software, these providers differentiate their services from traditional BPO offerings. Their service deliveries are based on the latest versions of market-leading SAP applications and are deployed in a cost-effective and standards-compliant way. And our dedicated services – including solution design, delivery, and management support – ensure up-to-date support and state-of-the-art operations for the BPO services that complement your core business.

In short, SAP supports your business process outsourcing by providing the following:

- Business solutions enabling mature, best-practice processes that are global, yet country specific
- A standardized, unified software environment that powers business processes adapted to your specific needs
- Future-proof outsourcing relationships with SAP
- Support for BPO providers that ensures optimal solution deployment and operations

BPO Powered by the Market Leader

SAP currently supports numerous large, complex BPO operations worldwide through the services of select BPO providers. In fact, according to the Everest Research Institute, SAP is the software provider that owns the largest market share (based on contract value) in multiprocess human resources, procurement, and finance and accounting outsourcing.



How SAP Supports Your BPO Strategy

Business process outsourcing is a partnership – not a commodity service. When moving forward with a BPO provider, your company works closely with that partner to customize processes that fit your requirements. Particular attention should be paid to three areas through which a BPO provider can deliver value. These include economies of scale, where a BPO minimizes your process costs due to the scale of their operations; process optimization, where a BPO provider delivers higher levels of efficiency for a given process; and labor arbitrage, where a BPO provider manages your business processes in a more cost-effective manner, thus reducing your labor costs. To create value across these three areas, your outsourcing partner must be backed by a solid business and technology foundation capable of lowering your business process management costs, minimizing your risk, and delivering the process quality you demand. These, in short, are the benefits you'll enjoy thanks to SAP support for BPO.

Reduced Business Process Costs

Cost savings are a key driver of BPO. SAP supports that objective by supplying BPO providers with the software they need to deliver highly optimized services. Let's take a look at what that means to you.

Lower Transition and Evolution Costs

Though frequently overlooked, the cost of moving to a state of steady operations with outsourced business processes can account for a substantial portion of your overall BPO costs – sometimes as much as 20%, according to Everest Research Institute. Ideally, you'll want to minimize unexpected transition-related occurrences – such as involuntary staff losses or interim, nonautomated process runs – that add to your costs. With BPO services powered by SAP software, you can leverage proven technology and efficient process-change methodologies to help keep costs under control during the transition phase. A single, global, easy-to-configure software environment with standardized interfaces and a one-to-many architecture helps speed up the transition process and limit related costs.

Lower Ongoing Total Process Costs

Daily process steps constitute the bulk of your process costs – whether they're managed internally or outsourced to a BPO provider. One of the benefits you'll enjoy with a BPO partner whose services are powered by SAP software is the same advantage enjoyed by SAP customers throughout the world – support for efficient, optimized, and cost-effective business processes by the world's leading business process expert. As a certified SAP software expert in its own right, your BPO provider will have the know-how and discipline to automate your processes and significantly reduce the need for manual intervention.

Lower Costs for Keeping Your Options Open

In a business environment that puts a premium on flexibility, no company likes being locked in. And being locked into an outsourcing relationship that doesn't work can be particularly expensive. Working with an SAP partner adhering to the "Powered by SAP" program that provides BPO services, you can make strategic business process decisions today that are easier to reverse or modify tomorrow if your business takes a new direction – just as if you were managing the processes internally. Running open, standardized, portable SAP software with thorough performance-monitoring functionality, your BPO partner can deliver all the business process flexibility you'll need to keep pace with the competition and thrive under difficult market conditions.

Better Risk Management

Another advantage to working with an SAP partner is risk mitigation in a number of areas – from the initial transformation phase to ongoing operations and regulatory compliance.

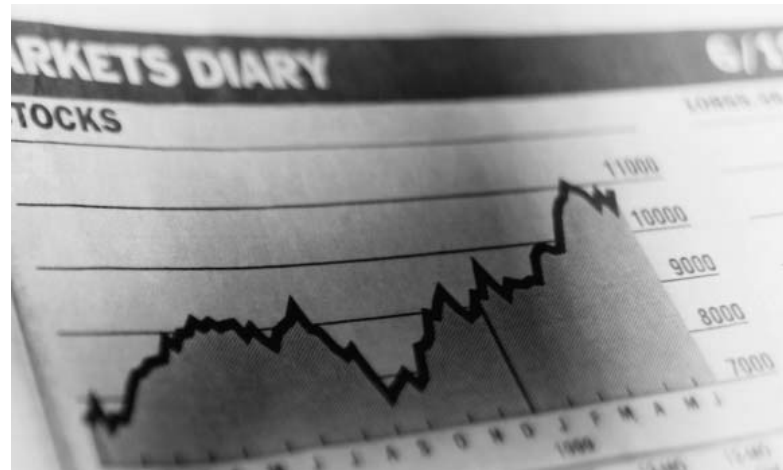
Less Transformation Risk

The initial transformation phase – where your company migrates to the new outsourcing model – is a particularly challenging part of any BPO initiative. Too much time spent on this phase could impact organizational acceptance and employee satisfaction, endangering the success of your BPO project. BPO services powered by SAP software can help you mitigate the risks inherent in this phase by offering a clearly defined solution scope and highly flexible software that can be configured to meet individual needs. Standard interfaces, business reports, and monitoring tools help you track early performance while facilitating end-user acceptance.

Over time, as your business requirements change, the adaptability and broad functionality of SAP software ensures that making the corresponding process modifications will go as smoothly as possible. And because the underlying support for your business processes is built and run according to widely accepted technology standards, changing to another BPO provider – for whatever reason – or outsourcing additional processes to the same partner can be accomplished with speed and ease.

Less Operational and Strategic Risk

Inconsistencies in the timeliness and accuracy of process output is a substantial problem in most organizations – as is the inflexibility of processes when it comes to supporting new strategic directions. SAP partners providing BPO services can help you mitigate these risks by delivering the benefits of a highly adaptable software environment that automates processes, simplifies interfaces, and provides powerful self-services such as business intelligence reporting that lets you monitor business performance as required.



Lower Financial Risk

SAP partners providing BPO services offer lower cost structures that are more predictable and controllable. Their SAP software environment provides a solid process-technology layer that makes it easier to achieve economies of scale, optimize processes, and reap the financial advantages. All costs – from contractually agreed-upon services to incidentals – can then be kept to a sustainable minimum.

Lower Legal Risk

Regulatory compliance requirements change frequently. To keep up, you must implement required process and reporting changes – including checks to outsourced processes and underlying technology – in an accurate and timely fashion. By keeping our software up-to-date with the newest legal requirements, SAP supports the compliance of your BPO-related activities.

Benefits at a Glance

- **Lower costs**
Achieve more with less by reducing transition and evolution costs and ongoing total-process expenses, and lowering the cost of keeping long-term options open
- **Better risk management**
Improve risk management by reducing your transitional, operational, strategic, financial, and legal risks
- **Improved process quality**
Benefit from high-quality processes and services during the transformation and operational phases – and after your outsourcing contract ends

Improved Process Quality

By outsourcing business processes to a trusted partner with proven BPO expertise, companies like yours can significantly improve process quality – and business performance – throughout the organization. During transformation, throughout operations, and even when contracts end, you'll be assured of the highest process quality available.

Higher Quality During Transformation

Detailed process mapping, custom coding, software debugging, and error correction activities account for most of the time spent on implementation and upgrades. But with open and flexible software from SAP – and out-of-the-box best practices that are configurable to meet individual needs – your BPO partner can more quickly develop and deploy new processes. This cuts the time needed for implementation and upgrade activities and helps you achieve transformation faster.

Higher Quality During Operations

When it comes to transactional processes, the main yardsticks for success are accuracy, throughput, and timeliness. Supported by SAP software, your BPO partner can provide the kind of automation that helps you maximize performance in all three areas. Proven SAP applications incorporate best practices for automating processes and can be deployed in a standardized way that caters to your specifications, providing a solid basis for service-level monitoring. You can minimize process complexity and improve process quality consistently.

Higher Quality After the Contract Ends

As your company evolves, you may find it necessary to make a change in your BPO relationship – to bring processes in-house, increase the scope of outsourcing, or move to another provider. The last thing you want is for process design and technical issues to stand in the way. Because SAP software is open and standards based – and because your processes are fully documented and transparent – you'll find your processes highly portable and easy to maintain when they've found their new home.

The Right Platform for BPO

SAP's proven record of software innovation, coupled with its clear road map for upgrades, helps protect your investment by enabling select BPO providers to leverage technological advances continuously to your advantage. Like no other software provider, SAP has optimized its solution set for use in a BPO context by providing the right business process foundation powered by the SAP NetWeaver® platform – making it easier to move noncore business processes outside the enterprise while retaining full control of information and processes in a seamless, tightly integrated fashion. Moreover, SAP NetWeaver makes it possible for your BPO partner to deliver the advantages of an enterprise service-oriented architecture (enterprise SOA) where enterprise services can be quickly assembled to compose new applications and enable business processes. This gives you exceptional flexibility to respond to change.

A Solution Portfolio Worthy of Its Reputation

When you engage a BPO partner with services powered by SAP software, you get access to a wide range of world-class applications developed and supported by the world's leading provider of enterprise software. You'll benefit from proven BPO-aligned applications in the mySAP™ Business Suite family of business applications, which are built on three decades of experience and best practices. mySAP Business Suite includes the mySAP ERP Human Capital Management solution and the mySAP Supplier Relationship Management application, which support horizontal functions in human capital management, procurement, and finance and administration – as well as industry-specific processes for the public sector, utilities, and financial services.

Helping BPO Providers Help You

SAP is committed to ensuring that all BPO providers participating in the “Powered by SAP” program deliver high-quality services based on state-of-the-art SAP solutions. Providers must meet rigorous certification standards – with biannual recertification – to confirm that they can continue to provide the level of service you require.



The Right Software Decision Makes a Major Impact on BPO Success

Software may account for only 3% to 15% of the total cost for business process outsourcing, but its impact on business process performance and IT costs is significant. And with greater process automation and optimization, you'll also save money on overhead (see Figure 1). Using a BPO provider that participates in the "Powered by SAP" partner program affords the following benefits:

- Standardized processes that are scalable for future growth
- Integrated best-in-class design that enables process optimization
- Tools for meticulous process control and governance
- Portable, extensible processes and infrastructure for mitigating risk
- Significant overhead reductions due to process automation
- Reduced software complexity and update costs
- Reduced infrastructure complexity and migration costs

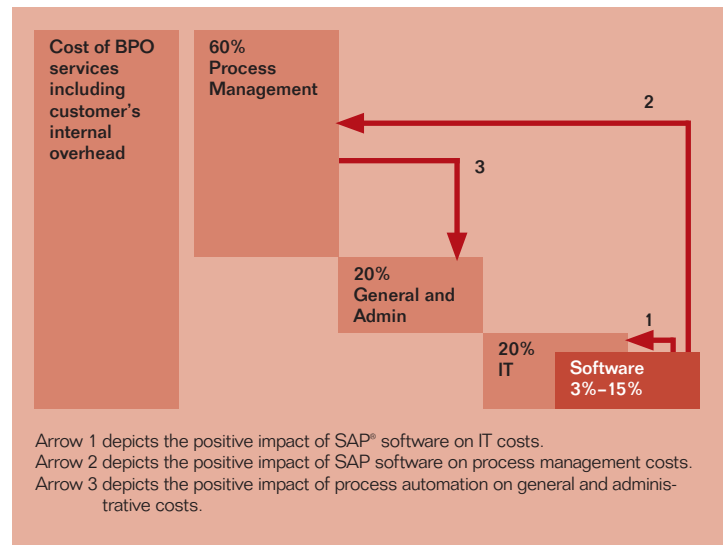


Figure 1: Software Impact on BPO Success (Source: Everest Research Institute, HRO Research Program, 2006)

Partners You Can Trust

SAP has a number of relationships in place with leading BPO providers participating in the "Powered by SAP" program. While each partner lives up to the high standards required to work with SAP, each is also unique in its capabilities and in the way it leverages SAP solutions for service delivery.

Learn More

To find out more about how SAP can help you maximize benefits of BPO for your business, contact your account representative. To learn more about SAP solutions and BPO partners, visit our Web site at www.sap.com/services/bpo.

Powered by SAP NetWeaver

SAP solutions are powered by the SAP NetWeaver platform. SAP NetWeaver unifies technology components into a single platform, providing the best way to integrate all systems running SAP or non-SAP software. SAP NetWeaver also helps organizations align IT with their business. As the foundation for enterprise service-oriented architecture (enterprise SOA), SAP NetWeaver allows organizations to compose and enhance business applications rapidly to drive business change.

VALUE OF BPO SERVICE PROVIDERS POWERED BY SAP® SOFTWARE

	COST REDUCTION	QUALITY IMPROVEMENT	RISK MITIGATION	
Transition and evolution phase	<ul style="list-style-type: none"> ■ Proven technology/ process-change methodologies ■ Software platform that's easy to configure and interface ■ Multitenant architecture enabling one-to-many delivery ■ Single global platform that speeds up the transition process 	Faster time to quality; reduced implementation and upgrade times thanks to templates, configuration, and use of best practices	<ul style="list-style-type: none"> ■ Most functional and geographic requirements covered out of the box – limiting need for complex add-ons ■ Extensive configuration and templates for large-scale personalization while avoiding custom code ■ Extensive standard interfaces and out-of-the-box monitoring tools 	<p>Lower strategic risk: Easy extensibility and evolution of business process outsourcing (BPO) scope thanks to extensive functionality and wide geographic coverage</p> <p>Lower financial risk: Predictable IT and overall process costs thanks to standard deployment and best practices</p> <p>Lower legal risk: Technology kept up-to-date thanks to SAP's critical mass and proficiency in implementing changes and compliance tools</p>
Operations phase	<ul style="list-style-type: none"> ■ Competent and thorough leverage of automation ■ Proficient technology-based process optimization 	<ul style="list-style-type: none"> ■ Best practices to automate global and localized processes ■ Standardized deployment catering to customer specifics while simplifying ongoing quality improvement 	<ul style="list-style-type: none"> ■ Solid automation of process steps and interfaces, limiting human errors ■ Stable software environment ■ Powerful self-services and business intelligence reporting 	
Contract expiration phase	<ul style="list-style-type: none"> ■ Standardized, documented, more easily portable SAP platform and related process ■ Consistent leverage of technology available through BPO services powered by SAP software 	<ul style="list-style-type: none"> ■ Reliable degree of automation delivered on a readily portable platform ■ Wide availability of resources knowledgeable on SAP software 	Documented, transparent, homogeneous, standardized, and portable SAP process platform	

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