



SAMSUNG SDS GROWING PROFESSIONAL SERVICES REVENUES AND PROFITS

Samsung SDS – one of the world’s major professional services firms, with 8,000 employees and revenues of US\$2.3 billion – has established several aggressive growth goals that target the year 2010. By then the firm intends to reach \$8 billion in revenues. It also expects to become one of the world’s top-10 premier IT service providers and to out-distance its nearest competitor in South Korea by a factor of at least 1.5 in revenues. To meet these challenges, the company needed to revamp its IT strategy – which included implementing software from the SAP for Professional Services solution portfolio.



SAMSUNG SDS



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GROWING PROFESSIONAL SERVICES REVENUES AND PROFITS

QUICK FACTS

Industry	Professional services – IT services
Revenue	US\$2.3 billion
Employees	8,000
Headquarters	Seoul, South Korea
Web Site	www.sds.samsung.com
SAP® Solution and Services	SAP for Professional Services solution portfolio
Implementation Partner	SAP Consulting

Samsung SDS is an IT service company with a global scope and a wide range of professional services offerings. To achieve its growth ambitions, SDS needed to improve its ability to capture business opportunities and manage the delivery of services – and to do that, it needed better technology support than its business software could provide.

Key Challenges

- Become a global top-10 IT service provider with revenues of US\$8 billion by 2010
- Sharpen competitive edge and improve ability to seize opportunities
- Improve visibility of customer information
- Improve allocation of resources to projects
- Decrease project planning time
- Reduce project execution time
- Improve project cost accounting

Implementation Best Practices

- Used ASAP methodology and the SAP® Solution Manager application management solution
- Adopted a phased implementation approach
- Performed process innovation and business process reengineering 6 months before kickoff
- Employed SAP Best Practices for Professional Services package (75% applicable)
- Developed program for customized training

Financial and Strategic Benefits

- Maximized sales opportunities via single, comprehensive source of customer data
- Improved visibility into project risk and its impact on profitability
- Enabled structured marketing campaigns, resulting in more sales
- Improved ability to match resources with project needs
- Reduced time needed for planning projects
- Increased visibility into project resources
- Enabled more efficient time and expense entry
- Improved collaboration internally and externally

Why SAP Was Selected

- SAP's industry leadership in professional services
- Availability of software and best practices tailored for professional services
- SAP's responsive global support network
- Availability of global template for efficient rollout and change management
- The SAP Consulting organization's expertise with professional services firms and ASAP methodology
- Minimal risk

Low Total Cost of Ownership

- Held ongoing operating costs to 0.5% of revenues
- Performed all postimplementation support internally
- Employed single client model for entire enterprise, including overseas subsidiaries
- Defined global rollout template (customized for specific regions)

Operational Benefits

Key Performance Indicator	Impact
Revenues from cross-selling and up-selling to existing client base	+2%
Customer retention	+4%
Financial management productivity	+30%
Reporting and analysis productivity	+10%
On-time project kickoffs	+24%
Emergency workforce needs fulfilled	+51%
Emergency workforce needs fulfilled by talent ideally suited to requirements	+146%
Alignment of project management practices with company methodology	100%

KEY CHALLENGES

ESTABLISHING AGGRESSIVE OBJECTIVES FOR GROWTH

Samsung SDS is one of the world's major professional services firms, with approximately 8,000 employees in its global enterprise. Established in 1985, SDS has grown from its base in Seoul, South Korea, to cover North America, Europe, China, and other major Asia-Pacific countries. SDS derives most of its revenues from systems integration and IT outsourcing, with consulting services, systems management, data center operations, engineering outsourcing, U-City/SOC, networking services, packaged software, and corporate education rounding out the mix.

SDS has established several aggressive growth goals that target the year 2010. By then the firm intends to reach US\$8 billion in revenues, up from \$2.3 billion currently. It also expects to become one of the world's top-10 premier IT service providers and to outdistance its nearest competitor in South Korea by a factor of at least 1.5 in revenues. But just meeting these aggressive goals is not enough – SDS must be able to sustain its growth, which means that the company must have a vision and strategy in place to continue breaking new barriers in the years that follow.

To achieve these goals, SDS will have to overcome many challenges – contending with rapidly changing market conditions, expanding into new marketplaces, mastering next-generation busi-

ness models and technologies such as enterprise service-oriented architecture and Web services, and modifying its IT investment strategies, among others. SDS must also satisfy increasing client demands – for better customer service, for example – by constantly introducing advanced information infrastructures. At the same time, SDS must compete effectively with other professional services firms that are focusing their resources on addressing the same challenges.

Focusing on Opportunity Management and Service Delivery

To thrive in the dynamic and competitive professional services market, SDS knew it had to do better than ever before at managing customer and busi-

ness opportunities and at delivering on its engagements. To turn more business opportunities into profitable contracts, SDS needed a single, integrated, highly visible view of its customers and their needs, challenges, and goals. The company needed better business development processes and more effective tools for marketing campaigns, deal tracking, and internal and external communications. It also needed software that would enable easy access to business development information.

To enhance project management processes, SDS needed to improve its ability to cost-effectively allocate project resources, employ better project planning tools to shorten lead times, and deliver accurate information to decision makers swiftly. In addition,



the firm needed to streamline contract management by employing proven industry best practices. To achieve consistent profitability, it also needed to more closely match project activities with costs, and it needed to do so faster and with less effort.

Identifying the Need for a Better Software Platform

Once SDS pinpointed these needs, the company realized its legacy enterprise resource planning (ERP) software stood

much time ascertaining the accuracy of information that they had little time to use data constructively – and decision making suffered as a result. The applications provided little support for optimizing sales opportunities and managing projects and made it difficult to share data either internally or externally.

Knowing that it had to make a change, SDS began the process of selecting a new ERP foundation for all its enterprise divisions: marketing, sales, service line management, project management, and

directions in which they wanted to go with each area and established guiding principles for executing those projects. Next, they developed a system architecture capable of supporting the improvements they envisioned, and only then did they analyze the merits of the alternative ERP solutions – matching each against the architecture they knew they needed.

“With SAP software, we now have a single global view of operations. With greater transparency and easy access to accurate information in real time, we can plan more effectively and make informed business decisions.”

Hye-Taek Yang, CIO and Vice President of Finance, Samsung SDS

as an obstacle to achieving its goals. The software met some of SDS’s core needs, but it could not support processes based on industry best practices. Information was scattered across multiple disparate applications that employed different technologies, resulting in inefficiencies, data discrepancies, and duplication of effort. Users spent so

enterprise support – including financial accounting and procurement. Company executives went about the selection process systematically. Beginning with the tenet that business processes had to be standardized and improved, they identified the specific areas that needed attention and outlined the related requirements. The executives then defined the

WHY SAP WAS SELECTED

KEENLY AWARE OF ADVANTAGES



SDS is doing a better job of retaining its current customers – 4% better than before it implemented software from SAP for Professional Services.

With the SAP® ERP application already in place for financials, SDS was keenly aware of the advantages of SAP software and the SAP Best Practices family of packages. Nonetheless, the firm carefully compared multiple business software offerings before making its final decision. “We wanted a solution specifically tailored for our industry, and that’s just what SAP offers with the SAP for Professional Services solution portfolio,” says Hye-Taek Yang, CIO and vice president of finance at Samsung SDS. “One of its key ingredients is the SAP Best Practices for Professional

Services package, which we saw as a model for the set of strong, standardized business processes we wanted to adopt – as well as a way to speed implementation. SAP is the leader in our market and, with its track record, clearly the low-risk choice. SAP software provides a basis for the enterprise service-oriented architecture we needed to integrate data from various sources. We also knew from experience that we could count on competent, responsive support from SAP wherever and whenever we needed it – which is important due to our global scope. Finally, with all

the SAP software expertise represented on our staff, we were well positioned to minimize our implementation costs.”

Another factor that weighed heavily in SDS’s decision was the availability of the Collaboration Projects (cProjects) application, an SAP offering that promised to heighten the firm’s ability to collaborate with its many partners. Since these partners play key roles in many projects, this ability was vital for effectively capturing and managing customer and project information.

Despite all the in-house SAP software talent available, SDS chose to engage SAP Consulting to help with the implementation. “By including SAP consultants on the team, we minimized risk and commanded speedy support when we needed it,” explains Eun-Ho Lee, project manager and general manager of information system innovation, Samsung SDS. “We knew they would help us reach the point of self-sufficiency quickly.”

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Hye-Taek Yang, CIO and Vice President of Finance, Samsung SDS

IMPLEMENTATION PROCESS AND BEST PRACTICES

PERFORMING BUSINESS PROCESS REENGINEERING

Instead of launching the implementation immediately, SDS underwent a six-month process innovation and business process reengineering phase to align the firm's operational processes with SAP Best Practices for Professional Services. The goal was to create a new set of business processes called SDS Standard Processes. The organizational structure that emerged from this phase relates roles and responsibilities of departments with corresponding change management and data standardization processes. Later, during deployment and ongoing use of the SAP software, these roles and responsibilities served as the basis for the customization of information disseminated on SDS OpenPlace, the collaboration portal that SDS developed during the project.

SDS performed the implementation of SAP for Professional Services as part of a larger knowledge innovation program. This program, which was run by the office of the CIO, targeted organizational change management and process innovation. The team that worked on the SAP software implementation aligned itself well within the scope of the larger project.

Because of sales process improvements, SDS is securing more contracts – a big step toward achieving its revenue goals.

Once the process reengineering was complete, SDS IT and SAP Consulting began the actual implementation for SDS headquarters in Seoul using a methodology called SDS ASAP, which reflected SDS's experience using ASAP methodology. The team conducted the work in phases that spanned 17 months, resulting in successfully going live using a single client instance that will eventually embrace the entire worldwide enterprise. The team completed the implementation according to the following schedule:

	Project Phase	Period
1	Project preparation	March 1 to May 31, 2006
2	Business blueprint	June 1 to September 28, 2006
3	Realization	September 1, 2006, to June 22, 2007
4	Final preparation	June 1 to July 2, 2007
5	Going live and support	July 2 to July 31, 2007

SDS is bringing the solution to six international subsidiaries and affiliates in 2008.

The SAP Solution Manager application management solution played key roles in the deployment. The team employed it in every phase (from development to implementation through production and support), made it an integral part of SDS's IT system management processes, and included it in the global rollout. The consultants also found SAP Solution Manager valuable in the team's escalation process for managing issues at all levels – including the CIO level. This process entailed categorizing issues into four groups according to their

importance; the team resolved lower-priority issues during weekly meetings but escalated top-priority issues to the project manager or the CIO if they could not be resolved within 24 hours.



STRONG GOVERNANCE AND PROJECT MANAGEMENT

DEVELOPING CUSTOMIZED, MULTILEVEL TRAINING CURRICULUM

SDS prepared customized training courses for its personnel at three levels – power user, primary user, and casual user – and employed a mix of on-site classroom training and e-learning courses that were developed using the SAP Productivity Pak application by RWD (also known as RWD uPerform). Training went well, with nearly 900 trainees in 45 courses.

SAP Consulting remained on the team for a brief period after going live to support the rollout, and then the SDS IT department took over completely. If changes are necessary, the IT team uses an approach developed by SDS called the SDS change management framework and template.

Architecture

SAP® solution or application	SAP for Professional Services solution portfolio
Number of locations	7 by the end of 2008
Number of SAP instances	1
Database	IBM DB2 Universal Database LUW v9.1
Operating system	IBM AIX 5.3
Hardware	IBM p595, p570

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Eun-Ho Lee, Project Manager and General Manager of Information System Innovation, Samsung SDS

BUSINESS PROCESS TRANSFORMATION AND VALUE REALIZED

IMPROVING ABILITY TO SEIZE BUSINESS OPPORTUNITIES

SDS has been able to cut the time needed for planning projects, thereby accelerating project turnaround time and the recognition and sharing of revenue.

With a single, accurate source of information enabled by its new software, SDS was able to significantly improve its ability to secure professional services contracts and execute them profitably. Operations and delivery groups now have fast, centralized access to information, and both data disparities and redundancies are a thing of the past. Today information flows smoothly and automatically through all the stages of a contract life cycle – from initial sales to final delivery. The resulting efficiency improvements allow users to spend more time performing critical tasks, which helps SDS turn business opportunities into customer projects on a more consistent basis. SDS is also better equipped to steer clear of unprofitable projects. Because the company can monitor risk in advance – through the linkage between project planning and profit and loss planning – it is able to make midcourse corrections in projects that threaten to become unprofitable.

At the presales level, the single comprehensive view of customers and potential partners provided by SAP for Professional Services makes it easier for SDS to manage and make the most of its business opportunities. Marketing campaigns are more structured, and SDS is better equipped to create powerful new business development processes and to track deals through the complete sales cycle. Using the SDS OpenPlace collaboration portal, everyone involved in the sales process has ready access to the information required to close deals more effectively.

Because of sales process improvements such as these, SDS is securing more contracts – a big step toward achieving its revenue goals. For example, revenues generated by cross-selling and up-selling services to existing clients has increased 2%. SDS is also doing a better job of retaining its current customers – 4% better than before it implemented software from SAP for Professional Services.

Executing Contracts More Efficiently

Once a contract is secured, SDS uses SAP for Professional Services solutions to execute all phases of the project. The company uses the software's simulation powers to predict overall workforce requirements, helping to optimize profitability. And, with better visibility into resources, project planners can allocate the right people to each job, which reduces costs while bolstering client satisfaction – and the bottom line. SDS has customized this functionality for each of its major service lines.

Using the various tools within SAP for Professional Services, SDS has been able to cut the time needed for planning projects, thereby accelerating project turnaround time and the recognition and sharing of revenue. SDS also uses the software to integrate its customer and project information tightly into the work-to-cash process, which improves project management and the billing process.

By following best practices for professional services recommended by SAP, SDS has introduced efficiencies in time and expense entry and many other aspects of project operations.

“SAP software provides a basis for the enterprise service-oriented architecture we needed to integrate data from various sources.”

Hye-Taek Yang, CIO and Vice President of Finance, Samsung SDS



SDS OpenPlace plays key roles after a contract is signed: it allows SDS and its partners to collaborate easily and optimize the use of their collective resources during projects – all the way from initial planning to delivery. As a result, 87% of projects now begin on time once the infrastructure is established, versus 70% in the past. Since SDS finds it easier to identify available resources, it is now able to fulfill emergency workforce needs within the required time frame 83% of the time compared with 55% before. And, on a full 91% of those occasions, the personnel provided are an ideal match with the talents required – as opposed to only 37% with the previous system.

Introducing Improvements Throughout the Enterprise

Besides all the industry-specific support, the SAP software is delivering the same core benefits that it can for any company. For example, users can generate comprehensive reports faster and more efficiently. SDS financial management

is taking advantage of enterprise-wide visibility into costs and revenues to make speedier and more informed decisions, ensure better controlling, and mitigate risks. With improved documentation and audit trails, executives are performing their planning and budgeting more effectively. And with improved business analytics functionality, managers can gen-

erate more comprehensive and detailed financial information. By taking advantage of all these improvements, SDS has increased the productivity of its financial management department by 30%.

of maverick spending. Procurement personnel and suppliers now enjoy self-service functionality for the first time. SDS and its vendors are able to collaborate better on forecasting, assessing inventories, and determining material requirements. And efficiency in IT is up because of an improved ability to maintain and share master data.

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The benefits of SAP for Professional Services extend throughout the enterprise. For example, SDS has used the software to help tighten procurement processes, thereby reducing instances

SDS’s transformation is not a one-time event but rather an evolutionary process. As Risook Choi, general manager of information strategy, Samsung SDS, explains, “The greatest benefit that SAP for Professional Services is providing to SDS is that it serves as a platform for continuous transformation – a platform upon which SDS can continuously improve its business processes and implement changes globally cheaper, faster, better, and smarter.”

FUTURE ROAD MAP

STAYING ON TRACK TO MEET AMBITIOUS GOALS



With substantial success already in hand, SDS looks forward to even more benefits as it continues its global roll-out. After the six affiliates and subsidiaries are included under the SAP for Professional Services umbrella by the end of 2008, SDS will roll out the SAP NetWeaver® Business Intelligence component in 2009 throughout its entire operations.

Over the next few years, the company plans to continue improving its agility and developing support for new lines of service using SAP for Professional Services solutions. It will also continue

to populate SDS OpenPlace with new functionality for managing business opportunities and service engagements. By 2010 SDS plans to have all its global operations running on the SAP platform. And with the help of SAP software, the company fully expects to achieve its lofty objective of becoming one of the world's top-10 IT service providers.

“The greatest benefit that SAP for Professional Services is providing to SDS is that it serves as a platform for continuous transformation – a platform upon which SDS can continuously improve its business processes and implement changes globally cheaper, faster, better, and smarter.”

Risook Choi, General Manager of Information Strategy, Samsung SDS

LESSONS LEARNED

MOVING COMPLETELY TO STANDARD SAP SOFTWARE

When SDS was performing its business process reengineering, it tried to align the SAP best practices-based processes with those already in place at the company. Eliminating discrepancies between the two sets of processes,

SDS recommends establishing very clear, concrete goals when implementing a new ERP system and sharing them with all employees. It also recommends continuous monitoring of progress toward those goals.

“SAP is the leader in our market and, with its track record, clearly the low-risk choice.”

Hye-Taek Yang, CIO and Vice President of Finance, Samsung SDS

Even though SDS achieved success using its own version of ASAP methodology, SDS ASAP, the company now feels that it would have been even more effective to use SAP's perfectly standard ASAP methodology instead.

especially in the area of change management, took considerable time and effort. In retrospect the company feels it would have been better off to move completely and at once to standard SAP software. It takes strong will, the company says, but it is worth it.

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