

SAP Functions in Detail

SAP Business Suite

SAP Commercial Project Management

Making Every Project Business a Best-Run Business



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Quick Facts

Summary

Are you still trying to manage commercial projects using fragmented systems that limit visibility and control? Step up to a whole new level of project management success with the SAP® Commercial Project Management application. It provides a single user interface to help project managers, project directors, and general managers oversee the entire project value chain and centrally control and accelerate project-related processes for greater efficiency and profitability. It's unique in that it brings all project-related front- and back-end information into one integrated system, giving you up-to-date, complete project manager views and business views of projects.

Objectives

- Professionalize commercial project management operations
 - Gain full project transparency
 - Improve project efficiency and control
 - Make projects more profitable
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Solution

- Integration with back-end systems for a single source of project truth
 - A project workspace that provides a single point of project visibility and control
 - Project revenue and cost planning functions to accurately estimate, plan, and forecast quantities, costs, and revenues for customer projects
 - Project issue and change management functions to centrally manage issues and change requests
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Benefits

- Enhance project profitability
 - Increase employee productivity
 - Reduce project risks
 - Increase customer satisfaction
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Learn more

Call your SAP representative or visit us online at www.sap.com.



Facilitating Optimal Project Delivery for Clients – Every Time

Most companies selling and delivering project- or knowledge-based services to customers have room for improvement in areas such as project control, profitability management, and issue and change management. Why? Because they handle commercial project management using a mix of systems that limit visibility into key information. The SAP® Commercial Project Management application changes everything. By combining project manager views with back-end systems, it helps companies [take project operations to the next level](#).

Optimizing commercial project management is vital to a wide range of companies today. Currently, 20% of all business worldwide is realized by selling and delivering project-related services to customers.¹ A large portion of this business is in industries such as consulting, IT services, infrastructure, and engineering and construction that involve complex, large-scale, and high-cost projects.

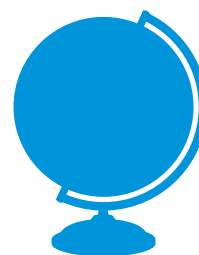
Nearly all companies that deliver projects to their customers face growing global competition, shrinking profit margins, growing customer expectations, and increasing compliance requirements. Many of these firms are looking for ways to further professionalize their business so they can consistently deliver projects on time, within budget, with high quality and minimal risk. But achieving this objective requires consistent, reliable approaches and processes for everything from selling and planning projects to delivering them. Companies need

standardized processes along the complete project lifecycle, well-informed and empowered front-office employees, and comprehensive monitoring of project status, progress, and risk. And they need a way to easily scale their business model for each job.

For example, imagine you're a project manager responsible for a large-scale project. With the right systems and processes in place, you have full information and visibility into project status, changes, staffing issues, and their impact on project costs and budget overruns. Instead of searching for information and getting swamped dealing with frontline project realities and day-to-day tasks, you have the complete information and insights you need to make the right decisions. Executives at your company can generate reports from back-end systems that include project-specific details, thus gaining control over their project portfolio and avoiding unpleasant surprises such as project overruns.

20% of [worldwide business](#) is realized by delivering projects to customers.

Source: The SAP competitive research organization



1. Based on research conducted by the SAP competitive market analysis organization



SAP Commercial Project Management: Unifying Data and Processes

With SAP Commercial Project Management, you can manage the project value chain end to end – centrally controlling and accelerating project-related processes to maximize efficiency and profitability. This breakthrough application removes barriers between back-end and other systems, integrating with them to pull and push data in real time when and where it’s needed – and simultaneously supports best practice-based processes for the entire project lifecycle. The result is an exceptional solution that brings all project-related front- and back-end information into one integrated system, giving you up-to-date, complete project manager views and business views of projects when and where they are needed.

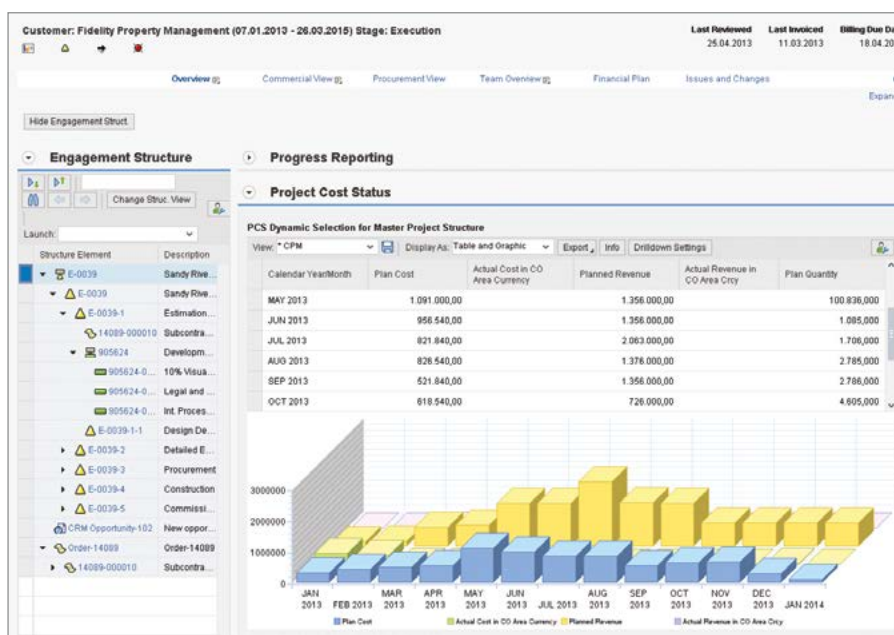
SAP Commercial Project Management integrates with SAP Business Suite applications to provide comprehensive process support for managing customer projects. For example, the SAP Customer

Relationship Management (SAP CRM) application encompasses opportunity management, while the SAP ERP application supports project financials, controlling, contract management, billing, project structuring, procurement, reporting, and more.

SAP Commercial Project Management delivers this value by providing:

- **A project workspace** giving you a single point of visibility and control for monitoring and managing projects and portfolios
- **Project revenue and cost-planning functionality** supporting accurate estimates, plans, and forecasting of quantities, costs, and revenues for customer projects at any phase of a project
- **Project issue and change management functionality** enabling you to centrally manage issues and change requests from one interface and in a way that integrates with and updates back-end billing and other systems

Figure 1: Project Workspace Overview



Capitalizing on Opportunities to Excel in Commercial Project Management

ESTABLISH CONSISTENT PROCESSES ACROSS THE PROJECT LIFECYCLE

The core business processes involved in commercial project management span everything from selling and planning projects to delivering them. Key phases include the following:

- **Sales:** During the sales process, you need to build your pipeline and forecast your business, develop your business by generating market demand and creating leads, create project bids and proposals, and close contracts and set up engagement structures.
- **Planning:** Once a contract is signed, you enter the planning phase, during which you initiate and structure projects; schedule tasks and activities; plan project revenues, costs, and quantities; and engage subcontractors as needed.
- **Delivery:** Then it's time to execute. During the project delivery phase, you need efficient ways to forecast and record project efforts (for example, work times, expenses, and quantities); identify, document, and manage project risks; and identify, document, and manage project issues and change requests. At the same time, you need to run accounting procedures and bill customers accurately.

At every step in this lifecycle, supporting processes must be triggered at just the right time. For instance, to manage resources, you need to staff the right people at the right time in the right role. In addition, you need to record key project documents, procure materials on time and in the right amount, collaborate across organizations and with business partners, and oversee and manage quality.

Effective project management, delivery, and profitability require establishment of consistent, best-in-class processes and deployment of enabling applications across this end-to-end value chain. But for many companies, this has been very difficult to do for a number of reasons. Often, applications are not designed for – or accepted by – project professionals. Until now, no single system supported all core processes or integrated with back-end systems, necessitating the deployment of multiple, fragmented tools. In many cases, these systems break down frequently, which leads to process delays and inconsistent and inaccurate data. As a result, a great deal of effort is spent collecting and consolidating data from different sources – data that is vital for project status reporting, billing, and more.

How SAP Commercial Project Management Can Help

The project workspace in SAP Commercial Project Management provides a single access point into all relevant project information, from the sales phase through planning and delivery. All data and information is centralized, which helps ensure that all project members, including the project manager, engagement manager, and project controller, share the same view of each project as they engage in project-related activities and processes.

Equally important, SAP Commercial Project Management provides cost- and revenue-planning functionality for a smooth transition from the sales phase to the project planning phase. This end-to-end process support helps ensure that no information collected during the bid stage is lost as you begin project planning and delivery.



EMPOWER FRONTLINE PROJECT PROFESSIONALS

Project professionals make up 80% of the workforce of typical companies that deliver customer projects. They're on the front line every day, managing their projects to completion despite numerous challenges and complexities. These essential professionals need systems and processes that provide fast answers to questions such as:

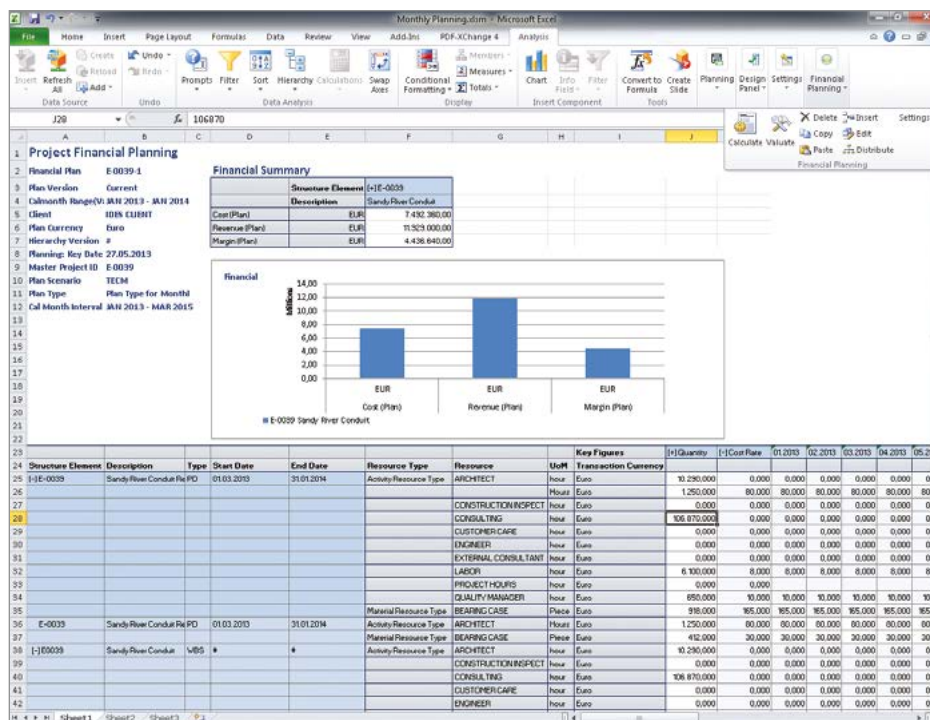
- How can I get up-to-date and real-time information on my project financials and project progress?
- How can I detect project risks early on?
- How can I reduce the effort required to manually consolidate data from different sources (for status reporting, billing, and so on)?
- How do I achieve seamless planning throughout the project lifecycle – from bid estimation to project delivery?

To manage their projects, project professionals today typically use their own spreadsheet-based, custom-developed applications; these fragmented apps are not connected to corporate back-end systems. As a consequence, project managers often find it difficult to get up-to-date and real-time information on projects, detect project risks, and obtain the current project status. In addition, they tend to spend a great deal of time manually consolidating data from different sources – or be forced to make decisions based on inaccurate or outdated data.

How SAP Commercial Project Management Can Help

Using SAP Commercial Project Management, you can empower people in project-related roles such as “project manager” or “engagement manager” by giving them an integrated view of all project-relevant

Figure 2: Project Financial Planning



data, including commercials, billing, procurement, financial planning, status, and more. Armed with a holistic project view, they always know project status and risks. They also receive automated alerts that help them proactively detect risks and situations where timely action is needed (for example, if the actual costs are higher than the planned costs or if billing events are overdue). And embedded analytics provide all of the information they need to manage and control a project.

MONITOR PROJECT PROGRESS, RISK, AND PROFITABILITY

With the great majority of complex projects, deviations from original plans are unavoidable. To help ensure the profitability of individual projects – as well as the overall project portfolio – business managers and executives must tightly monitor project status, progress, and risks. Effective monitoring enables the detection of deviations and risks early on, when there’s still time to implement effective mitigation measures.

The challenge for managers and executives is how to effectively control their business and make project-related business more predictable, reliable, and profitable. They need a better way to answer questions such as:

- How do I get a transparent and accurate status on the projects within my responsibility, anytime, anywhere?

- How do I ensure consistent processes throughout the complete project lifecycle in order to further professionalize and scale my business?
- How do I increase the profitability of my project portfolio?

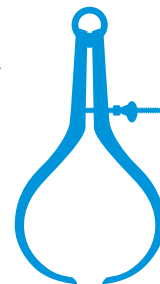
How SAP Commercial Project Management Can Help

SAP Commercial Project Management brings all relevant project-related data together and makes it available in a centralized, fully integrated SAP ERP application, giving managers and executives a comprehensive overview of project performance and associated project risks. At the same time, it increases visibility and transparency into cost drivers, productivity, and profitability of projects.

Leveraging analytics solutions from SAP, you can also use the data captured in SAP Commercial Project Management to optimize your business processes and detect deficiencies. For example, you can analyze historic bid estimates and compare them with actual data to improve the reliability of new bid estimates.

And finally, using the project workspace, managers and executives can drill down into the details of a project, detect issues quickly, and initiate corrective actions as needed. As a result, time to detection and time to resolution decrease dramatically.

Leveraging the enhanced process standardization and flexibility enabled by the software, you can provide commercial project customers with higher service and project quality, **faster response times**, and greater reliability.



Enabling Functionality in Detail

THE PROJECT WORKSPACE

The project workspace is a highly user-friendly and flexible environment that gives you an overview about all relevant project information across applications and systems. As a result, project managers have the insight they need for quick decision making to facilitate project success. And across your organization, the workspace enables full transparency about the true status of projects so that issues and risks can be identified and addressed early.

The project workspace provides:

- An integrated view of each project by bundling existing business objects (for example, business opportunity, sales order, or project structure) by creating a new master project object
- Embedded analytics that allow users to quickly generate cost status reports, work-in-progress reports, progress reports, and more
- Configurable views optimized for different user roles, including predefined views for sales orders, invoices, purchase orders, and more
- Enhanced project management functions via automatic status and trend reporting, rule-based alerts, roles and responsibilities definitions, and reporting attributes
- Enhanced contract management by supporting rate cards, billing plan manager functions, and a billing cockpit

PROJECT REVENUE AND COST PLANNING

Finance functionality in SAP Commercial Project Management enables project controllers to estimate, plan, and forecast quantities, costs, and revenues throughout the project lifecycle. The unified, flexible, and user-friendly interface supports processes from high-level planning early in the bid phase to detailed baseline planning and periodic forecasting and estimate-to-complete (ETC) processes during project execution.

The detail captured at every step helps increase the accuracy of bid estimates. It also improves visibility and transparency into the cost drivers, productivity, and profitability of each project. Integrated with project planning, execution, issue and change management, and enterprise accounting, finance functionality provided by other SAP software helps improve estimating, planning, and forecasting accuracy. And now you have transparency into cost drivers, deviations, and productivity.

The project financial planning functions within SAP Commercial Project Management support:

- Unified planning and controlling of quantities, costs, and revenues throughout the complete project lifecycle (sales, planning, and delivery)
- High-level estimating during the bid stage based on the specified bid structure
- Development of detailed baseline cost and revenue plans
- Forecasting and ETC processes during project execution
- Planning based on flexible resource types, available resources, and flexible periods (down to individual days) so project managers can plan for necessary personnel resources, materials, expenses, and third-party resources
- Flexible valuation options – for example, reusing data from components in the SAP ERP application such as materials management or pricing
- Advanced version and status handling of financial plans
- Integration and transfer options to SAP ERP and the SAP Multiresource Scheduling application
- Flexible and user-friendly user interfaces (for example, by enabling users to plan using Microsoft Excel)



PROJECT ISSUE AND CHANGE MANAGEMENT

The application supports project issue and change management, allowing users to centrally manage issues and change requests from a single interface. The functionality is tightly integrated with the financial planning functionality in SAP ERP, making it easier for people to assess the cost and revenue impact of change requests. It also helps reduce the percentage of unapproved change requests that get executed on during projects – the requests that often negatively impact project profitability.

Project issue and change management functions enable:

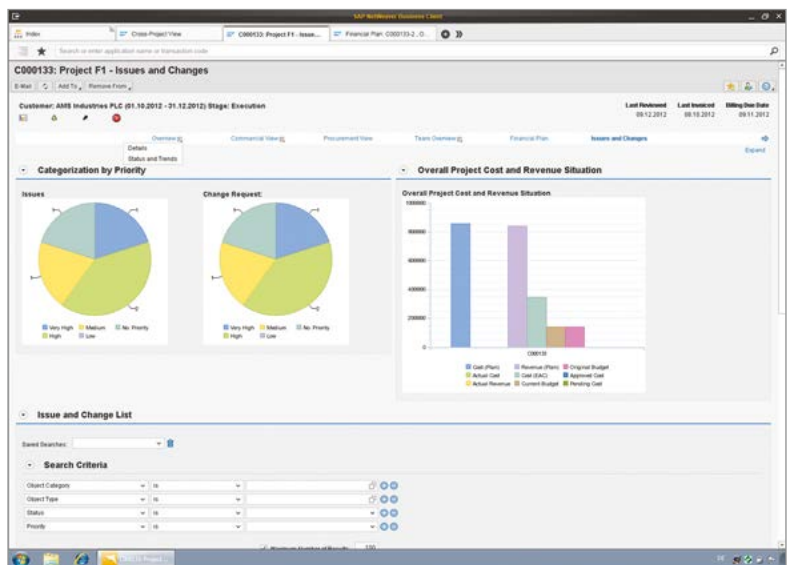
- The recording and tracking of project issues and change requests and their cost and revenue impact
- Project issue management by aggregating and storing attachments, links to reference objects – for instance, sales orders and work breakdown structure (WBS) elements – and the assignment of partner roles

- The creation of change requests with reference to one or multiple issues, as well as request tracking via generation of a change document history
- Activity management for issues and change requests, where activities can be based on templates or be freely defined, and users can define new rules for new activities
- Internal and external workflows for approvals
- Integration with financial planning functionality in SAP ERP
- Multiple cost-estimation alternatives for change requests

BEST PRACTICES AND FIXED-SCOPE SERVICES

The rapid-deployment solution for SAP Commercial Project Management provides preconfigured software based on best practices and fixed-scope implementation services for a successful deployment at a predictable price. For more information, please contact your SAP representative or visit us online at www.sap.com/rapid-deployment.

Figure 3: Project Workspace View – Issue and Change Tracking



Seeing the Benefits of Unified Project Management Data and Processes

With SAP Commercial Project Management, any project-focused company can enhance project profitability, increase employee productivity, reduce project risks, and increase customer satisfaction. You simply set up and configure according to your company's unique needs and user requirements to give everyone an intuitive interface that is designed for ease of use and optimized to help them get work done faster. They can make better-informed decisions that result in better outcomes for your business and your customers.

ENHANCE PROJECT PROFITABILITY

With SAP Commercial Project Management, you can significantly increase project profitability by gaining insight and control and optimizing process efficiency. Armed with this insight, you can engage in more accurate planning and bid development, pricing projects the right way to both achieve desired profitability and enhance win rates. During the course of a project, you can anticipate issues and take the right actions at the right time to control project scope, budget, and execution time.

And from a process optimization perspective, you can make operational improvements that streamline project execution. Imagine being able to:

- Maximize resource utilization via integrated resource scheduling
- Help ensure on-time material purchases

- Manage cash flow more effectively
- Decrease days sales outstanding by billing customers correctly the first time
- Manage change proactively and consistently according to a strict process – and adjust customer billing accurately, every time

INCREASE EMPLOYEE PRODUCTIVITY

The application gives project professionals instant access to the right set of data they need to manage their projects effectively. Each user or role can have a project workspace that's configured to meet his or her individual needs to maximize productivity. And because they have ready access to data across applications and back-end systems, project professionals spend far less time looking up information, verifying data accuracy, and resolving inconsistencies. This, in turn, frees them up to spend more time on more productive and rewarding work.

REDUCE PROJECT RISKS

By improving project transparency and ensuring data consistency and accuracy, SAP Commercial Project Management helps you minimize project risks. For example, you can use it to create more reliable bids and track plans against actuals and forecasts – all in real time – to avoid unpleasant surprises. The software makes cost drivers and deviations readily visible to project managers and executives early on so they have time to take steps to mitigate risks.

Now you can detect, record, and manage project issues and changes [in a transparent way](#).



INCREASE CUSTOMER SATISFACTION

Finally, leveraging the enhanced process standardization and flexibility enabled by the software, you can provide commercial project customers with higher service and project quality, faster response times, and greater reliability. This increases the likelihood of having customers use your services again for future projects – and motivates them to be strong advocates for your business.

LEARN MORE

SAP Commercial Project Management is the application of choice for every company that sells and delivers project management services to its customers. With SAP Commercial Project Management, you can take project operations to the next level to further professionalize and scale your business. To learn more, contact your SAP representative or visit us online at www.sap.com.



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The Best-Run Businesses Run SAP™

