mySAP™ ERP FOR DUMMIES®

by Andreas Vogel and Ian Kimbell

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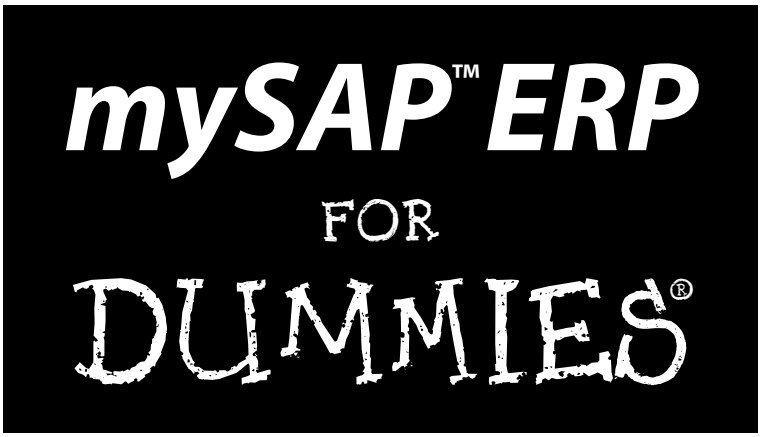
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FOR
DUMMIES®

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by Andreas Vogel and Ian Kimbell

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Published by
Wiley Publishing, Inc.
111 River Street
Hoboken, NJ 07030-5774
www.wiley.com

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Published by Wiley Publishing, Inc., Indianapolis, Indiana

Published simultaneously in Canada

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Library of Congress Control Number: 2005927621

ISBN-13: 978-0-7645-9995-8

ISBN-10: 0-7645-9995-X

Manufactured in the United States of America

10 9 8 7 6 5 4 3 2 1

1B/RU/QZ/QV/IN

About the Authors

Andreas Vogel joined SAP in the Corporate Consulting Team/Office of the CEO in 2003, where he worked on various projects related to SAP strategy. In the beginning of 2005, Andreas joined the Solution Management Team for mySAP™ ERP, where he lead the effort to service-enable mySAP™ ERP. Andreas now serves as vice president of Field Support for mySAP ERP, where he is responsible for the introduction of mySAP ERP 2005 into the market.

Before joining SAP, Andreas held various research, technology, and business positions around the world, among them principal research scientist at the DSTC (Brisbane, Australia), chief scientist at Borland (San Mateo, CA), and CTO and cofounder of Mspect Inc. (Sunnyvale, CA).

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Ian Kimbell joined SAP in the marketing organization in February 1998, where he held several positions in industry and solution marketing, which culminated in developing the SAP Solution Maps and marketing mySAP.com®. Ian then spent a two-year assignment in the SAP Chairman's office as a board assistant before moving on to development as VP for mySAP ERP Strategy and Business Development for mySAP ERP 2004. He has now returned to marketing and is vice president of Solution Marketing for mySAP ERP.

Before joining SAP, Ian held various international IT and marketing positions during his 11-year tenure with DuPont.

Ian has become well known at the SAPPHIRE conferences in recent years, where he has regularly appeared in the keynote presentations, demonstrating the mySAP Business Suite.

Ian holds two business degrees, including a British Bachelor of Arts with honors in European Business and a German Diplom Betriebswirt.

Authors' Acknowledgments

We would like to thank SAP's executive management team, Shai Agassi, Jim Hagemann Snabe, Peter Kirschbauer, Peter Graf, Archim Heimann, Stefan Schaffer, and Thomas Baur, for their support and sponsorship of this book.

Many thanks to the following individuals who tirelessly reached into their depths of knowledge in their specific areas of expertise and contributed to this book: Amit Chatterjee, Catherine Courreges, Bob Cummings, Ralf Dehos, Frank Eck, Steffi Eger, Stefan Elfner, Claudius Fischer, Markus Fischer, Joachim Foerderer, Amy Funderburk, David Grasso, Matthias Haendly, Christian Hastedt-Marckwardt, Markus Kuppe, Karolin Laicher, Jürgen Lindner, Salvatore Lombardo, David Ludlow, Thomas Mattern, Doris Moellgaard, Gordon Mühl, Angeline Ng, Tatjana Nikolic, Tsafrir Oranski, Boris Otto, Gunther Piller, Klaus Pohl, Michael Rademacher, Ingo Rothley, Janet Salmon, Christof Schmoll, Horst Schnörer, Tim Steinmayr, Jeff Stiles, Jeremiah Stone, Ralf Strassner, Kaj van de Loo, Karin Weis, Jens Weitzel, Harry West, and Jeff Word.

A special mention goes to contributing authors Andreas Frank (for his work on analytics) and Hanif Ismail (for his contribution on composite applications).

We would like to extend our special appreciation to Tesha Harvey, for all her support during the writing of this book: We couldn't have done it without you, Tesha.

We appreciate the hard work and focused effort that was put in by the Wiley project team. Thanks to Katie Feltman for keeping us in line with the tight deadlines and ensuring this book was published.

Finally, this book would not exist without the tireless support and patience of Nancy Stevenson. Thank you, Nancy.

Publisher's Acknowledgments

We're proud of this book; please send us your comments through our online registration form located at www.dummies.com/register/.

Some of the people who helped bring this book to market include the following:

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Foreword

Jim Hagemann Snabe
General Manager, Industry Solutions, SAP AG

Enterprise resource planning (ERP) is nothing new. In fact, ERP software has been around for more than 30 years. Although long regarded as old and boring software, ERP is hotter than ever before.

ERP is traditionally associated with process efficiency in the back offices of companies. Although ERP helps companies increase process integration and efficiency, many companies also associate ERP with long and costly IT projects combined with major change management efforts.

With mySAP™ ERP, a new generation of ERP solutions is now available: an ERP solution that will not only increase efficiency with best practices, but, at the same time, enable process innovation and business flexibility on an unprecedented level.

Through a new architecture, mySAP ERP goes beyond process efficiency and opens up new opportunities for companies to innovate and to better compete in their markets.

mySAP ERP provides you with

- **Analytics:** Giving the insight to enable the appropriate people to make the right decisions when they are needed
- **Business process flexibility through enterprise services:** Providing access to the rich functionality of mySAP ERP through services, which are defined in business terms and delivered through open-standard technology
- **Composites:** Applications that span various functional areas to solve problem issues with dramatically reduced investment, delivered by SAP and its rich partner community

- **Model-driven tools:** The service enablement of mySAP ERP in concert with SAP NetWeaver's® model-driven development tools dramatically reduce the investment needed to foster your own innovation
- **Industry best practices for more than 25 different industries:** For faster deployment and return of investment

This book provides you with a more detailed introduction to these topics. Enjoy reading *mySAP ERP For Dummies*. As soon as you are ready, SAP will be waiting to help you take the incremental step to a next-generation ERP solution.

Introduction

Enterprise resource planning (ERP) and the world of enterprise computing in general are undergoing a quiet revolution. With the introduction of enterprise services, businesses now have more of an opportunity to differentiate themselves, adapt to change quickly, and provide a common language for IT and business people to communicate — and do it while reducing the overall costs associated with their IT systems.

mySAP ERP, beginning with mySAP ERP 2004, heralded the start of this new service-enabled functionality. Building on top of the traditional features of SAP® R/3®, this new generation of ERP software helps businesses do things they could never do before — at lower cost.

In this book, we help you understand this brave new world, and how it can benefit your enterprise today and in years to come.

Why Buy This Book?

To be part of the ERP revolution, you have to understand more than mySAP ERP's features. You have to explore the world of Enterprise Services Architecture, or ESA, and discover how services work and how mySAP ERP embraces them. You need a basic understanding of the underlying technology, SAP NetWeaver, to see how flexibly you can work with out-of-the-box and custom business processes. And you need all of this in plain English that you can understand. That's where this book comes in.

For Dummies books all share a common goal: to avoid complexity like the plague and make topics easy to understand. Throughout this book, we explain concepts, both technical and nontechnical, simply with examples that make mySAP ERP accessible even to the non-IT people among us. When we throw out a technical term, we define it in a way you can understand, and we provide great tools like the Cheat Sheet (that yellow card at the front of the book that you can tear out and use as a handy reference), a glossary of terms, and easy-to-digest Part of Tens chapters that give you ten quick hits of information apiece.

We even include information about things like building an ERP Roadmap with tidbits like TCO and ROI to help you justify the move to mySAP ERP to your powers-that-be. This alone could be well worth the price of the book!

Foolish Assumptions

This book assumes that you are somebody who works in the corporate world (large or small) and has some basic understanding of business methods and business technology. But we don't assume that you know a thing about SAP or mySAP ERP. Although some of you may be from the world of IT, others aren't, so we try to explain technology in simple terms.

From the very first chapter, we introduce you to basic concepts that you need to understand the world of mySAP ERP and services. But if you already have a handle on the basics, you can easily jump to a later chapter and dive right in. (We also provide cross references to send you back to the relevant chapter for a refresher course.)

How This Book Is Organized

mySAP ERP For Dummies is organized so that you can quickly find, read, and understand the information that you want. It's also organized so that if you have some experience with ERP, you can skip some chapters and just jump to the parts that interest you.

Don't feel that you have to read this book from cover to cover. We provide handy cross references so if you skip over something important in rushing to a later chapter you know where to go to bone up on it.

The chapters in this book are divided into parts that help you find the information that you're looking for quickly and easily.

Part 1: mySAP ERP in a Services-Enabled World

We start right off in Chapter 1 with a lot of the basic concepts you need to understand mySAP ERP, such as ERP itself, Service-Oriented Architecture, Enterprise Services Architecture, and more. Chapters 2 through 5 give you

the lowdown on four key ways that mySAP ERP benefits your business: by providing the framework for differentiating your business, upping the productivity and efficiency of your people, providing business insight through stellar analytics, and giving your IT people the tools to be flexible and put technology to work to support your business strategy.

Part II: Getting Under the Hood: The Underlying Technology

mySAP ERP has a ton of functionality, but it all rests on top of a technology platform called SAP NetWeaver. To understand the full potential of mySAP ERP, you need a bit of a grounding in SAP NetWeaver. The chapters in this part introduce you to SAP NetWeaver, tell you how you use it to design and run applications, and show you how SAP NetWeaver works with services. Finally, you explore the world of composite applications, where you can orchestrate functionality from several applications to make technology support your business processes.

Part III: Implementing Change

If you read the book from cover to cover, by the time you get to this point in the book, you will probably have gained a great deal of knowledge about the benefits of mySAP ERP. Armed with this knowledge, you'll probably be eager to find out how to get the thing up and running. Chapter 10 explores some upfront prep in the form of calculating your total cost of ownership, as well as preparing your organization for change. Chapter 11 lays out a roadmap for implementing mySAP ERP, including several useful programs and tools to make it relatively painless. Finally, Chapter 12 is where we pull out our crystal ball (with a little help from the folks at SAP) to tell you where SAP and mySAP ERP are headed in the future. This helps you understand how your investment today locks you into further advances tomorrow.

Part IV: The Part of Tens

This part contains three chapters in the ever-popular top-ten list format. This is where you discover ten great ways to make your employees more productive using mySAP ERP, ten approaches to help you differentiate yourself and innovate in a services-enabled environment, and ten resources that can help you get going with mySAP ERP.

Icons Used in This Book

We're a visual society, inundated with images from big-screen movies and computer games, so this book uses little picture icons to visually point out information that's handy to know.

The Tip icon indicates information that may help save you time or aggravation. These icons tend to point out to you interesting little factoids that could prove very useful as you conquer the world of ERP.

Oops! The world can be a dangerous place, and the world of ERP has its own little pitfalls. Warnings alert you to areas where you could make a misstep that could cost you money or result in frustration.

Remember icons are gentle reminders about important ideas or facts that you should keep in mind while finding out all about mySAP ERP. We also use these icons to note where in the book a subject is introduced or covered in more detail.

Geek alert! This little icon points out a definition of a word or a description of a process that wanders over into the realm of the high-tech. These tidbits are informative but not crucial: Feel free to skip these paragraphs if you like.

This icon is a special kind of tip that points out ways in which mySAP ERP or its underlying technology can save you money or speed your return on investment.

We use this little icon to alert you whenever we mention a big advance that's introduced by mySAP ERP.

Part I

mySAP ERP in a Services-Enabled World

The 5th Wave By Rich Tennant

"Okay, maybe a decent ERP initiative will improve our business performance, but I still think these sulphur pools and twines of barbed wire in the hallways are slowing us up in some ways."

In this part . . .

In this part, you pick up a lot of the basic concepts that you need to be familiar with in order to understand mySAP ERP, such as ERP itself, service-oriented architecture, Enterprise Services Architecture, and more. Then we explain four important ways that mySAP ERP benefits your business: by providing the framework for differentiating your business, upping the productivity and efficiency of your people, providing business insight through great analytics, and giving your IT people flexible tools to put technology to work in support of your business strategy.

Chapter 1

ERP: Yesterday, Today, and Tomorrow

In This Chapter

- Reviewing the history of enterprise resource planning and mySAP ERP
- Looking at the current state of ERP
- Examining the pain points still to be addressed
- Understanding the impact of a service-oriented approach

The leading enterprise resource planning software in the world is mySAP ERP. So, what's the real lowdown on ERP? Software can be like a person: Unless you know where a person came from, where he grew up, what his family was like, and what he studied at school, you don't know him. In some ways, understanding how a software product has evolved requires a similar bit of history.

To understand ERP and where it's headed, you have to take a brief peek at its life to date. Where was ERP born, how has it grown, and what does it still have to learn to fulfill its promise?

In this chapter, we take a look at the life of ERP up until now, including SAP's ERP offerings. Then we make some predictions about its future based on something called *Service-Oriented Architecture* (SOA) and, specifically, SAP's Enterprise Services Architecture (ESA).

Just What Is ERP?

Enterprise resource planning (ERP) has many definitions. In a nutshell, it is a set of software applications that are intended to integrate and streamline business processes.

Traditionally, the processes ERP concentrated on were

- Financials, including all the traditional business processes that deal with money (such as accounts receivable, accounts payable, and general ledger)
- Human resources (also called human capital management), which involves all the people-related business processes such as payroll, time and labor tracking, and benefits administration
- Logistics, involving all the rigmarole you have to go through to get stuff, such as sales, procurement, transport, and manufacturing

ERP is part of a broader landscape called *enterprise computing,* which is essentially a map of IT assets and business processes held together by a set of principles that support your business strategy. Although other sets of applications, such as Customer Resource Management (CRM) or Product Lifecycle Management (PLM), have evolved over time as part of the broader enterprise world, ERP was the first and is still the core set of applications for most organizations.

Take a look at how ERP has grown and you begin to understand how it has reached a point today where it (along with some nifty new technologies) can begin to deliver efficiency and productivity more effectively for your business.

A Brief History of ERP

Enterprise resource planning as a category of software was born about 30 years ago in the early 1970s. Essentially, SAP presided at the birth. SAP was started by five former IBM employees who thought that the future of computing for businesses was at the enterprise level. They opened an office near Heidelberg, Germany.

Starting with basic applications for survival

Think back to the early 1970s, if you were alive then. The software landscape was dominated by mainframe computers — basically, fast calculating machines that ate punch cards all day long. Very simple character-based word processing programs were starting to emerge and spreadsheets could only be dreamt of. (Lotus 1-2-3, the first real PC spreadsheet program, wasn't