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Make More Room for Innovation

Unlocking the Value of Capgemini's Application Lifecycle Services

Almost 60% of our clients have said that their IT budget will likely stagnate or even decline in the future. This is an alarming message, particularly since more than 70% of our clients are also claiming that IT innovation and new technologies are key for their business, meaning that new investments will be required. How can companies overcome this dilemma?

Let's look at an example from a leading manufacturing company that was able to successfully overcome these challenges — and thrive as a result.

Example: How an Application Lifecycle Engagement Helped a Manufacturing Company Constantly Inject Innovation

IT innovation is a key enabler of a business's ability to deliver superior quality and exceed clients' expectations regarding products and services. To become more innovative, a well-known manufacturing company transferred the responsibility for its end-to-end commodity processes to Capgemini, which subsequently embarked with the client on a "roadmap to industrialization."

As a first step, Capgemini standardized the client's maintenance processes through careful analysis of all of the business's change requests. An immediate outcome of this standardization was the ability to more clearly distinguish ongoing maintenance versus continuous enhancements and innovation. This resulted in a reduction of ongoing maintenance

efforts by almost 60% over a five-year period.

In addition to streamlining the maintenance efforts, continuous enhancements are now clustered and deployed in short time cycles as a standard service,

delivered by a joint, flexible resource pool that includes client and Capgemini resources. This joint resource pool is adjustable to the client's economic and budgetary situation — meaning that, during the economic downturn, the joint resource pool (particularly on the Capgemini side) was reduced, and only those enhancements that were absolutely key for the business were delivered. In 2010 and 2011, the joint resource pool and the enhancements were fully ramped up again, supporting the post-crisis dynamics. Ongoing maintenance and enhancements are now carried out in a highly industrialized, factory-oriented way of working, complementing the competencies of both parties. With this approach, the number of enhancements and innovations increased by more than 50% over a five-year period.

This is what we refer to as "application lifecycle thinking." It is more than pure application management and development — it is an approach based on continuous rationalization, improvement, and innovation. We are driving the costs out of application management and releasing budgets for innovation, which brings tangible benefits to the business.

A More Productive, Flexible, and Impactful SAP Landscape

Capgemini has developed its Application Lifecycle Services based on many years of experience in outsourcing and application development and management. Paired with Capgemini's transformation and change management experience gleaned from many projects, Capgemini's Application Lifecycle Services provide a turnkey solution to streamline your SAP landscape and prepare them, if desired, for outsourcing.

In the old model, in which the entire stack was shared by multiple suppliers, the client was paralyzed through prohibitive cost models. Capgemini's Application Lifecycle Services combine all aspects of the complete stack — from "run" to "rationalize" to "innovate" — including infrastructure in one contract

IT innovation is perceived as the key to enable the business to deliver superior quality and exceed clients' expectations regarding products and services. That's why innovation-enabling services like Capgemini's are so critical.

that enables you to increase your productivity while gaining flexibility.

One of Capgemini's Application Lifecycle Services is focused on SAP's large client base, offering them a multi-year partnership to transition their old landscape to a new one. Throughout the partnership, savings are continuously re-invested in innovations for customers' SAP environment. The goal is to have an SAP landscape in which none of the applications are older than 18 months. The service can be viewed as a "house" (see **Figure 1**) where the benefits result from the fact that the total is more than the sum of its parts. The house's building blocks include the following components.

1. Value Management

At the beginning of an application lifecycle engagement with a client, and every six months after, we assess the economic value of our engagement for both IT and the business. Achievements, as well as new requests, are carefully analyzed, ensuring that the lifecycle engagement achieves tangible benefits and keeps up the momentum of continuous innovation. If need be, Capgemini's value management team will also propose innovation components out of the menu card described below. Value management thus aligns business and IT priorities by assessing them for their economic value.

2. Run SAP Methodology

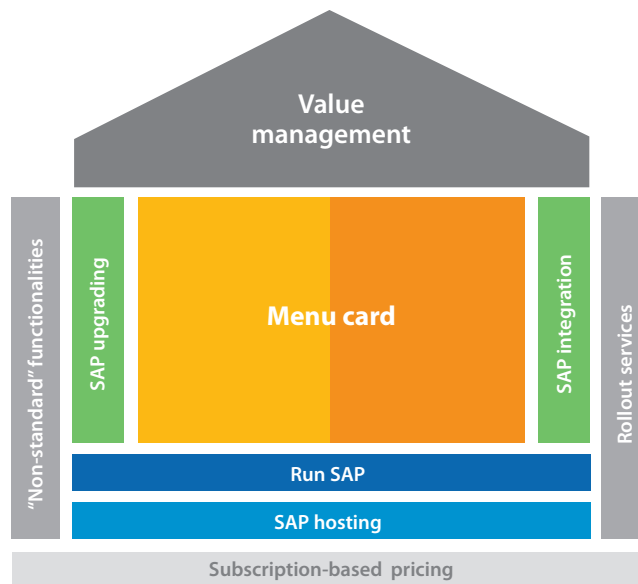
Capgemini's Application Lifecycle Services are based on a three-to-five-year Run SAP engagement that includes maintenance paired with rationalization and industrialization. Capgemini has been a certified Run SAP partner since 2009. As part of this certification, we have fully incorporated SAP Solution Manager 7.1, which we perceive as a key component of successful Run SAP engagements.

3. Upgrading

In case you are not yet on SAP's latest platform, we advise upgrading to SAP Business Suite 7; this platform will help decrease ongoing maintenance costs and enable your company to continuously innovate. To help with this process, we run technical upgrades out of our India-based factories with minimal effort required by the client.

4. A Menu of Options

Based on our early adoption of SAP Business Suite 7, Capgemini developed a menu card model that combines 300+ enhancements of SAP ERP 6.0 in 48



enterprise services. Each menu card item comes with a predefined scope, implementation time, and cost, along with a set of KPIs that allow you to determine potential benefits. The selection of the menu card items is part of the regular value management assessment. This method enables companies to fully benefit from their SAP investments, letting them plan ahead and helping put a stop to costly individual business upgrade projects.

5. Subscription-Based Pricing

Capgemini's Application Lifecycle Services come at a monthly fixed fee over the three-to-five-year duration of the contract. Run SAP, SAP hosting (if requested), the innovation roadmap including value management, upgrades, and menu card items are added up and broken down into a monthly rate; thus, pricing of the package is transparent, predictable, and stable for the duration of the engagement.

Bring the Business and IT Closer Together

Overall, Capgemini sees its Application Lifecycle Services as a multi-year engagement that helps ensure continuous improvement in your SAP environment at predictable costs. It is designed to lower the TCO of SAP applications and reduce the time to market to immediately reap the business value of new applications. To learn more, please visit www.capgemini.com/ALS. ■

FIGURE 1 ▲ Capgemini's Application Lifecycle Services can be thought of as a "house" supported by several components that, together, are more than the sum of their parts