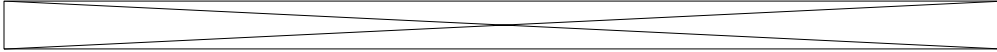


[http://www.sap.com/smallbusiness/business\\_value/costs/index.epx](http://www.sap.com/smallbusiness/business_value/costs/index.epx)



## Implementing the SAP Business One Application

If you've decided to move your company to an integrated business management solution such as SAP Business One, planning ahead for the resources required to implement a new solution will help you avoid any potential surprises.

→ See three [implementation scenarios](#) below.

The cost of the software – typically calculated by the number of user licenses you need – is one of several items for which you will need to budget. Depending on the complexity of your solution, there may also be costs related to migrating your data to the new solution, customizing the user interface, and aligning the solution with your existing applications. In some cases, this may be as simple as exporting QuickBooks information to SAP Business One. In more complex implementations, you may need to work with your solutions provider to ensure that financial, customer, inventory, and other information that resides on legacy systems can be migrated to the new solution efficiently.

As a small or midsize business, you will most likely be working with an independent solutions provider (such as a value-added reseller or independent software vendor) to develop and install your solution, as well as manage long-term service and support. While this provider will oversee implementation of the SAP Business One application, you will also need someone in-house to manage the consultant relationship and ensure that the project timeline is moving forward. This may fall to your IT manager, or, if you don't have someone in charge of IT full time, to another project coordinator.

You also will need to budget for training and education. As is the case with any new technology implementation, proper training reduces user resistance to the transition and ensures that employees can take advantage of the solution's full potential.

## Implementation Scenarios

Let's take a look at three characteristic scenarios for implementing the SAP Business One application. Please talk to your partner about actual implementation costs in your country/region.

### BASIC

A small, local provider of tax and financial services with annual revenues of about €4 million selects SAP Business One. This is a small implementation, with a license for only five users. Since it is for a services provider, it requires a simple

configuration of only basic financial and CRM capabilities. There is no need for customization, data migration, or integration, so the entire installation can take as little as a week with 1-2 training days.

➔ Potential licensing and implementation cost: €35,000-40,000

#### TYPICAL

A €16 million apparel distributor has outgrown its QuickBooks solution and decides to upgrade to the SAP Business One application. The company needs a more integrated solution; the configuration includes financials, CRM, inventory, purchasing, and production modules. The implementation requires some limited customization for reporting and user interfaces. Financial data must be migrated from QuickBooks, while contact information must be integrated with data that resides in Microsoft Outlook. Implementation could take a few weeks or more including training days for the company's employees.

➔ Potential licensing and implementation cost: €85,000-90,000

#### COMPREHENSIVE

A national manufacturer with annual revenues of €40 million has specific supply chain management requirements that it needs the SAP Business One application to meet. With 15 user licenses, the SAP Business One application's configuration will include financials, CRM, inventory, purchasing, manufacturing resource planning (MRP), and human resources management. This complex implementation – which may take as long as three months – will require extensive customization in areas such as workflow, alerts, reporting, and managing multiple locations. Existing accounting, customer, inventory, and materials data needs to be migrated from custom legacy systems. The solution also must work seamlessly with other solutions, including Microsoft Outlook, project scheduling applications, tax software, and the systems of key business partners.

➔ Potential licensing and implementation cost: €175,000-180,000

[http://www.sap.com/smallbusiness/business\\_value/roi/index.epx](http://www.sap.com/smallbusiness/business_value/roi/index.epx)



## Calculating the Return on Your SAP Business One Investment

What kind of payback should you expect from your company's investment in the SAP Business One application?

Return on investment (ROI) is a technique to help you understand the benefits your business will reap from a specific technology purchase – that is, how long it will take your company to profit from its technology investment.

→ See the industry scenarios below including [wholesale distribution](#), [retail](#), [professional services](#), and [manufacturing](#).

To get a clear picture of the benefits your company can expect from implementing SAP Business One as your business management solution, you'll first want to understand the impact of your current issues on your bottom line, as well as your goals for implementing SAP Business One. For instance, your company may want to reduce billing errors and speed up receivables, or to streamline sales to improve revenue per customer. By quantifying these benefits, you'll get a better idea of what your payback will be.

### Some typical areas of benefit may include:

- **Productivity** – Streamlined business processes may allow your employees to accomplish more in less time.
- **Labor costs** – Automating certain applications can reduce the number of people required to support your business.
- **Financial performance** – More accurate financial reporting can speed receivables or give you a more accurate picture of your short- and long-term balance sheet.
- **Inventory management** – Keeping a closer eye on inventory can speed inventory turns and reduce the amount you must spend on slow-moving products.
- **Pricing** – Real-time financial reporting may give you a clearer picture of your overall costs and help you improve margins on your products or services.
- **Customer revenue** – By using CRM to recognize customer needs, you can increase revenue per customer, or reduce customer turnover rates.
- **Technology maintenance and support** – Less money may need to be spent on maintaining out-of-date legacy systems, improving your bottom line.
- **Process improvements** – You may be able to eliminate certain costs through automation; for instance, electronic billing can reduce paper invoices, mailing costs, and even certain bank deposit fees.

Your benefit analysis will depend on your specific business needs. Here are some typical industry scenarios:

## Wholesale Distribution: Creating Efficiencies to Increase Margins

A company that distributes books and periodicals to supermarket chains has grown organically, but hasn't thought strategically about its operational systems. As a result, it is unable to clearly analyze links between customer orders and shipments, resulting in a loss of margin and unnecessary investments in inventory. It needs to use SAP Business One to give them an overview of its business – specifically trends in customer demand and supply – to help them improve inventory turns, improve margins, and increase overall customer revenue. The benefits it may analyze include:

- **Margin visibility** – Getting a clearer picture inventory costs compared to sales prices may result in an increase in margin.
- **Improved revenue per customer** – More accurate warehouse reports can help identify out-of-place inventory and other issues that can reduce revenue.
- **Labor savings** – More accurate shipments can reduce returns, allowing the company to hire fewer people for the returns department.
- **Reduced inventory** – Improvements in inventory can speed up turns, or allow the company to carry a greater number of lines.

## Retail: Matching Inventory to Customer Needs

A small home furnishings retailer maintains three stores and a Web site. It has no companywide view and wants to install an integrated system such as SAP Business One so that it can match stock at its outlets with that of its Web store. It also needs to identify out-of-date items more quickly, so it doesn't have to discount old merchandise too heavily. Finally, it wants a clearer picture of customer buying behavior to help it choose more profitable inventory that will better match customer needs and help increase its customer base. Its benefit analysis might include:

- **Increased number of customers** – How many additional customers will it acquire or retain each month through its improved service?
- **IT maintenance costs** – Linking the Web site to the store inventory can reduce charges to update its Web site frequently.
- **Reduced stock** – Better purchasing can reduce the amount of "out-of-date" merchandise that is sold at a discount.
- **Improved revenue per customer** – Matching customers to available stock can help improve overall margins.
- **Administrative savings** – Less money will be spent on data entry, faxing, and warehouse downtime.

## Professional Services: Speeding Up Collections with More Efficient Billing

A consulting company needs a better way to document its billable hours, improve its receivables and generate more revenue per customer. It expects to use SAP Business One to help manage the organization's contracts better, improve the accuracy of its invoices and improve overall customer retention through better service. Potential implementation benefits include:

- **Improved revenue per consultant** – Up to 5% of potential revenue may be lost due to consultants' not fully billing for the work they do. Automating the process may reduce this amount by 0.25% or more.

- **Improved customer retention** – Improved record-keeping and management of customer contracts will improve the service offered.
- **More efficient collections** – Properly tracking projects and providing more accurate invoices can reduce the number of billing disputes and increase the speed of receivables.
- **Labor savings** – Improved processes may reduce the need for support staff by one full-time employee.

## **Manufacturing: Replacing Legacy Systems to Integrate the Supply Chain**

A maker of small industrial refrigeration units is running multiple custom-developed systems. It realizes that the business cannot grow without an integrated system. It wants to use an integrated business management solution to improve information flow between the different aspects of the business. It hopes to reduce inventory, improve employee productivity, and make sure it takes advantage of all revenue opportunities with its customer base, including service revenues it is missing because it can't identify customers whose equipment is out of warranty. Its benefits analysis can include:

- **Labor costs** – Improvements in efficiency may help it reduce the number of employees needed on the shop floor.
- **Reduced inventory** – More accurate reporting helps reduce inventory.
- **Improved procurement** – The ability to view previous purchases and monitor supplier performance will help reduce purchase costs.
- **Improved revenue per customer** – By selling additional service contracts, this manufacturer improves overall revenue.
- **Reduced paper costs** – Better communication between systems eliminates the need to print and deliver work orders.