Background

- The following includes insights from an executive survey on the “The Value of Business Simplification”
- The survey was conducted at the SAPPHIRE Annual Conference in May 2015
- Survey results aggregated from 125 respondents
Key Findings

81% believe simplification is important for their organization and 88% admit **IT investment** is important to achieve simplification.

68% agree that **a clarity of strategy and management drive** is the most important driver for simplification.

60% consider **cost reduction** to be the biggest benefit of simplification.

66% expect **process simplification** to be the biggest opportunity for simplification.
Business simplification

**Key Takeaway:** 81% of respondents believe that business simplification is important for their organizations today; 88% of respondents admit that IT investment is important for business simplification

“How important is Business Simplification in your organization today?; How important are IT investments for Simplification?”

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**Need for business simplification**

- Top Strategic Importance: 46%
- Somewhat Important: 35%
- Tactical Business Need: 15%
- Not Important at all: 3%
- 1%

**IT investment for simplification**

- Top Strategic Importance: 52%
- Somewhat Important: 36%
- Tactical Business Need: 10%
- Less Important: 2%
- Not Important at all: 2%
Drivers of simplification

Key Takeaway
68% respondents agree that clarity of strategy and senior management drive is the important driver for simplification

“For succeeding in running simpler, how do you rate the importance of the following drivers?”

To run simple you must have ..

Clarity of Strategy and Senior Management Drive

- 6% NA
- 9% 3-Tactical Business Need
- 17% 2-Somewhat Important
- 18% 1-Top Strategic Importance
- 50% 5-Not Important
- 11% 4-Less Important

Changing organizational structures

- 6% NA
- 30.0% 3-Tactical Business Need
- 26% 2-Somewhat Important
- 24% 1-Top Strategic Importance
- 11% 5-Not Important
- 11% 4-Less Important

Changing organizational processes

- 2% NA
- 15% 3-Tactical Business Need
- 21% 2-Somewhat Important
- 28% 1-Top Strategic Importance
- 32% 5-Not Important
- 3% 4-Less Important

Changing supporting IT-systems

- 9% NA
- 16% 3-Tactical Business Need
- 17% 2-Somewhat Important
- 31% 1-Top Strategic Importance
- 25% 5-Not Important
- 2% 4-Less Important

Source: SAP Performance Benchmarking (https://valuemanagement.sap.com)
Benefits of simplification

**Key Takeaway:** Significant proportion of organizations believe that (1) **Cost Reductions**, (2) **Revenue Growth**, and (3) **Business Acceleration** are the areas that are most benefited by the simplification

“Percentage of companies considering various areas as the top 2 areas benefited by simplification”
Opportunities for simplification

Key Takeaway: Significant proportion of organizations believe that (1) **Process simplification** and (2) **Decision simplification** are the biggest opportunities for simplification for them

“Percentage of companies considering various opportunities as the top 2 opportunities for simplification”
Approach to simplification

**Key Takeaway:** 34% of organizations favor a hybrid transformation – transforming only select functions or LoBs approach to achieve simplification while 31% and 29% favor top down driven and gradual transformation respectively.

“What simplification approach do you favor for your organization?”

- Top-down driven transformation: 34%
- Gradual transformation across the organization: 31%
- Hybrid transformation - transforming only select functions or LoBs: 6%
- Outsourced - Adopt cloud platforms and/or outsourcing services: 6%
# Survey Demographics - By Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Mining</td>
<td>1%</td>
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<tr>
<td>Sports &amp; Entertainment</td>
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<tr>
<td>Telecommunications</td>
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<tr>
<td>Travel &amp; Transport Hospitality</td>
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<tr>
<td>Engineering Construction &amp; Operations</td>
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<td>Insurance</td>
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<td>Media</td>
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<td>Mill Products</td>
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<tr>
<td>Aerospace and Defense</td>
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<td>Automotive</td>
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<tr>
<td>Banking</td>
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<tr>
<td>Higher Education &amp; Research</td>
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<td>Chemicals</td>
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<td>Retail</td>
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<tr>
<td>Industrial Machinery &amp; Components</td>
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<td>Professional Services</td>
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<tr>
<td>Consumer Products</td>
<td>10%</td>
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</tbody>
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Source: SAP Performance Benchmarking ([https://valuemanagement.sap.com](https://valuemanagement.sap.com))