Session 2808: PPM and the use of Project Systems

Gerald B. Steele
SAP America, Inc / Consulting
May 17, 2011
Agenda

What is Portfolio and Project Management?

Building Blocks

Capabilities at a glance

User Interface

Myths and Challenges

Q & A
What is Portfolio and Project Management?
What is Portfolio and Project Management about?

Portfolio Management

- Complete **visibility** of all current and proposed projects
- Innovative culture, which supports the generation of project ideas
- Make **decisions** on clear and valuable information like portfolio **value**, balance, financial figures and strategic alignment
- Know your current projects as well as your **capabilities**

Project Management

- Managing scope, timeline and budget of projects in an integrated way
- Define the resource demand and search for suitable resources (e.g. based on qualification)
- Track and monitor the execution of your projects
- Collaborate with project team members
- Plan your detailed project costs
## Project Success is key

Bad projects impact growth, margin, working capital

- **Troubled projects** increase working capital
- **Late projects** may represent loss of needed cash inflow
- **Late, over-budget projects** impact profit margin

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<td>IT Project</td>
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Agenda

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Myths and Challenges

Q & A
Building Blocks
SAP Project Portfolio Management – building blocks from SAP

**Portfolio Management**

**Objective:**
Optimal portfolio decisions and project execution, align project portfolio to support growth and strategy

**Best practice solution:**
Assess investment opportunities regarding risk and priorities and govern the execution of the projects

**Project Management**

**Objective:**
Efficient delivery of high quality projects in time, budget and scope

**Best practice solution:**
Execute in a consistent way that ensures that expectations for quality, timeliness and costs are met, or even exceeded

**Resource Management**

**Objective:**
Effectively allocate resources to projects

**Best practice solution:**
Drive optimization of the talent supply chain through superior planning, execution and alignment of demand with supply

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*SAP Portfolio and Project Management 5.0* is successor of SAP RPM 4.5 and SAP cProjects 4.5

Complementary Applications include:
- SAP Strategy Management
- SAP BPC
- SAP Investment Management

SAP Portfolio and Project Management 5.0*

SAP ERP Operations - Project System (PS)

SAP Portfolio and Project Management 5.0

Complementary Applications include:
- SAP Human Capital Management
- SAP MRS
- SAP Workforce Scheduling by ClickSoftware
SAP Project Portfolio Management – project types and building blocks (1)

| Projects with medium – high integration requirements to purchasing, manufacturing, supply chain, maintenance (e.g. Capital Projects, Project Manufacturing) |
| Projects w. low – medium integration requirements (IT, R&D, organizational) |

**Portfolio Management**

**Project Management**

* on operational level plan maintenance / service orders will be used

**Resource Management**

* for controlling purpose internal orders / WBS will be used

- SAP Portfolio and Project Management 5.0
- SAP ERP Operations – Project System (PS)
- SAP Multi Resource Scheduling
SAP Portfolio and Project Management – project types and building blocks (2)

Projects with medium – high integration requirements to purchasing, manufacturing, supply chain, maintenance (e.g. Capital Projects, Project Manufacturing)

Projects w. low – medium integration requirements (IT, R&D, organizational)

Portfolio Management

SAP Portfolio and Project Management 5.0

SAP ERP Operations – Project System (PS)

Project System

*S Project planning, accounting, procurement, cash management, assets under construction accounts related to work break-down structures and networks

3rd party Applications optionally for Project Management Project Scheduling Resource Management

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SAP Portfolio and Project Management Portfolio Management capabilities at a glance

- **Integration hub** for project data from multiple systems

- Expands the project lifecycle **from idea to project closing**
  - Collect, evaluate and approve ideas, concepts, proposals

- Integrate and automate **long-term planning and reporting**
  - Support reporting combining portfolio-, project- and finance data
  - Integrate long-term resource and finance planning with execution

- Manage **programs**, deliverables, risks
  - Combine multiple projects, products, concepts, ideas
  - Manage reviews, project dependencies, KPI’s, etc.

- **Balance and prioritize** portfolio
  - Multiple scoring models and reports
  - Risks, NPV, feasibility, etc.
SAP Portfolio and Project Management  Project Management capabilities at a glance

• Provides **phase gate support** for product development, IT and consulting projects in all industries
  - Clear responsibilities using project roles
  - Checklists and Phase approval process to manage quality and scope

• Enables project **collaboration** across the enterprise
  - Project specific authorizations
  - Web-based and easy to use

• **Integrates product, resource and financial data** from the complete business suite
  - Integrate PLM and other objects across the suite
  - Integrate SAP PS for project accounting

• **Extended Resource Management** capabilities
  - Business partner staffing based on skills
  - Staffing process for matrix organizations
SAP ERP Operations
*Project System (PS)* Capabilities at a glance

- Management of **large and complex projects** in all industries
  - Hierarchical and network oriented structuring options

- Focus on capital intense projects and projects requiring **tight integrations into Logistics and Finance**
  - For example construction, production, maintenance, investment, and costs projects

- **Strong integration into core enterprise processes** (CRM, SCM, FIN, SRM, EAM)
  - Project-oriented material procurement and production
  - Detailed costing including material-related costs, revenues, budgets, and cash management
  - Planning and procurement of external services via integration to purchasing
  - Sales pricing, milestone billing and resource related billing

- **SAP GUI expert user interface**
Process for Capital Investment Projects

**Portfolio Management**
- Define Strategy
- Identify Investment Opportunities
- Analyze Risk and Rank Opportunities
- Create and Approve Budgets
- Initiate Project
- Monitor Portfolio

**Project Management**
- Structure Project
- Plan Resource Requirements / Costs
- Procure Materials and Services
- Collect Actuals
- Monitor Project

**Resource Management**
- Strategic Planning
- Demand Management
- Talent Management
SAP Portfolio and Project Management

Process Overview

Create Portfolio Item

Portfolio Reviews

Strategic Planning and Managing of Project Portfolios

Score and Prioritize Portfolios

High Level Planning

Project Resource Planning

Collaboration with Partners

Simulation

Confirmation

Creating Projects in underlying Project Management Systems

Time Planning

Costs Planning

Budget Planning

Material Planning

Project Resource Planning

...
SAP Portfolio and Project Management
Portfolio Structures and Objects

- **Portfolio 1**
  - Bucket 1
    - Item 1
    - Item 2
    - Item 3
    - Item 4
  - "Collection" within or across buckets – used to report on multiple projects

- **Portfolio 2**
  - Bucket 2
    - Item 6
    - Item 7
    - Item 8
    - Item 9
    - Item 10
  - "Review" within or across buckets – used to score multiple projects to assist determination of approved projects, scenario planning and what-if analysis

- **Portfolio 3**
  - Bucket 3
    - Item 11
    - Item 12
    - Item 13
  - "Initiative" within or across buckets – used to group similar projects for a defined period

- **Portfolio 4**
  - Bucket 4
    - Item 16
    - Item 17
    - Item 18
    - Item 19
SAP Portfolio and Project Management
Key Elements
Structures in SAP Portfolio and Project Management (portfolio structure 1)

* in terms of SAP Portfolio and Project Management: Programs = Portfolio Initiatives, Projects = Portfolio Items
Structures in SAP Portfolio and Project Management (portfolio structure 2)

* For each portfolio item a project plan can be created (either directly in SAP Portfolio and Project Management or in SAP ERP Project System).
Structures in SAP Portfolio and Project Management (portfolio structure 3)

* The portfolio items can be linked to different ERP Systems, if necessary. This allows to consolidate a heterogenous system landscape.
Structures in SAP Portfolio and Project Management (portfolio structure 4)
Structures in SAP Portfolio and Project Management (portfolio structure 5)
Structures in SAP ERP Project System (WBS 1)

- Project
  - Phase 1
    - Deliverable 1.1
    - Deliverable 1.2
    - Deliverable 1.3
    - Workpackage 1.3.1
    - Workpackage 1.3.2
    - Workpackage 1.3.3
  - Deliverable 2.1
  - Deliverable 2.2
  - Deliverable 2.3
  - Workpackage 3.1.1
  - Workpackage 3.1.2
  - Workpackage 3.1.3
  - Deliverable 3.1
  - Deliverable 3.2
  - Deliverable 3.3
Structures in SAP ERP Project System (WBS 2)
Structures in SAP ERP Project System (networks 1)
Structures in SAP ERP Project System (networks 2)

Wind Power Plant

- Initialization
- Engineering
- Procurement
- Assembly
- Closing

NWA 1000
NWA 1100
NWA 1200
NWA 2000
NWA 2100
NWA 2200
NWA 3000
NWA 3100
NWA 3200
NWA 5200
Structures in SAP ERP Project System (networks 3)
Structures in SAP ERP Project System (subnetworks, orders)
High Level Architectural View: Project and Program Planning

- **Portfolio / Strategic Buckets**
- **Portfolio Initiative (Program)**
- **Portfolio Item (Project / Proposal)**

**Long Term Planning & Monitoring**

- **Checklists**

**SAP Portfolio and Project Management**

**High Level Costing**

- **Project Planning & Execution**
  - **Costing Model**
  - **Base Planning Object**

- **Detailed Scheduling**
  - **WBS**
  - **Network Activities**

**SAP ERP Project System**

**Asset Planning & Operations**

- **CU Design**
- **CU Order**

**SAP ERP Plant Maintenance**

- **Could cover the agreement with the regulator**
- **optional: Project, Phases, Tasks, Checklist Items...**

- **IM Program**
- **IM Positions**

- **Asset management**

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Integration - Improved Capital Project Portfolio Management Capabilities

**Scenario 1**

**Portfolio and Project Management**
- Financial planning, high-level task planning, selected milestones, issue tracking…

**Project Systems:** detailed project planning and execution (incl. resources)

**Scenario 2**

**Portfolio and Project Management**
- high-level financial/capacity
- Planning detailed project planning and execution

**Project Systems:** backbone for accounting processes

**Scenario 3**

**Portfolio Management:**
- Financial planning, phase and decision point management

**Project Systems:** detailed project planning and execution
SAP Portfolio and Project Management: manage project portfolio, long-term resource and financial planning, balance, prioritize

SAP Portfolio and Project Management: manage selected milestones, track issues, phase gate support, collaboration

PS: project planning and execution, logistic and financial processes, costing, sales pricing, procurement, resources

- highly sophisticated scenario leveraging all building blocks of SAP’s PPM solution portfolio, addressing all stakeholders, seamless information flow
Project Portfolio Management – usage of building blocks (scenario 2)

- **SAP Portfolio** and Project Management: manage project portfolio, long-term resource and financial planning, balance, prioritize

- **SAP Portfolio** and **Project** Management: project planning and execution, phase gate support, collaboration, resources

- PS: backbone for accounting processes

- light project management, integration into ERP solely for accounting processes, **only advisable for less complex projects (no logistic integration!)**
Integration (integration into ERP processes, option 1 or 2 to link to WBS elements)
Project Portfolio Management – usage of building blocks (scenario 3)

- **SAP Portfolio** and Project Management: manage project portfolio, long-term resource and financial planning, balance, prioritize

- **PS**: project planning and execution, logistic and financial processes, costing, sales pricing, procurement, resources

- **Strong integration of project planning and execution into core enterprise processes, high project visibility**
Integration (integration into ERP processes, option 3 to link to WBS elements)
Key Differentiator 'Integration' (integration into ERP processes, option 3 to link to WBS elements)
Key Differentiator 'Integration' (integration into ERP processes, financial download)

SAP Portfolio and Project Management

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SAP ERP Project System

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Key Differentiator 'Integration' (integration into ERP processes, financial + capacity upload)

### Portfolio Item / Project

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### Project

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SAP Portfolio and Project Management

SAP ERP Project System

leading system for Forecast and Actuals
SAP Project and Portfolio Management
Standard System Architecture

SAP NetWeaver

ABAP (NW7.02)
CPRXRPM
JAVA (optional)*
NW Portal
Business Package for PPM
TREX
ADS

HTTP

SSO over HTTPS

SAP Project and Portfolio Management

SAP NetWeaver 7.0

ABAP
BI_CONT

SAP NetWeaver BI System (Optional)

PPM Application System

ALE / RFC

SAP Financials
SAP HR
SAP PS
SAP ERP
Time Sheet

*SUPPORTED PORTAL VERSIONS ARE NW 7.0 SP20; 7.01 SP05; 7.02
SAP is a Leader due to versatile offering, strong product and corporate focus

- PPM is emerging, due to the fact that visibility and control are critical in today’s economy
- Portfolio management and planning is gaining momentum outside of IT
- Flexible and value based implementation strategies are the norm
- User experience for the nontraditional project manager is a higher priority
- Market overall did consolidate in past years
- Maturity requires integration of tools & processes

SAP Competitive Strengths

- +750 SAP PPM and +5000 ERP-PS customers
- Broad and proven functional coverage
- SAP: Enterprise PPM enabling integrated end-to-end business process support cross LoB’s
- Full HR, PM, CATS, PS, FI/CO integration
- Committed Roadmap and Investment Security
- Global delivery, offerings and commitment

Forrester evaluated 14 project portfolio management vendors using 80-plus criteria and found that CA, HP, Planview, Oracle, and SAP led the pack due to **versatile offerings** combined with **strong product** and **corporate focus**

Source: *Forrester Wave™: Project Portfolio Management For IT-Driven Portfolios, Q4 2009; Distribution rights available*
Agenda

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Building Blocks

Capabilities at a glance

User Interface

Myth and Challenges

Q & A
User Interface
Manage Initiatives that Span Multiple Projects
# Resource Scheduling

## Staffing: Overview

| Projects                  | Project Number       | Distributed | Total for Period | Vacant Role | 52  | 53  | 54  | 55  | 56  | 57  | 58  | 59  | 60  | 61  | 62  | 63  | 64  | 65  | 66  |
|---------------------------|----------------------|-------------|------------------|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Summary                   | Summary              |             |                  |             |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| Demand                    |                      | 51,93       | 5,75, 6,23       |             |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| Remaining Demand          |                      | 16,96       | 0,41, 0,67       |             |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| Total Allocation          |                      | 34,93       | 5,54, 5,56       |             |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| Cranberry Choc Chip Concept | Cranberry Choc Chip Concept |             |                  |             |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| Product Designer          |                      |             |                  |             |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| Product Engineer          |                      |             |                  |             |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| Project Lead              |                      | 25,00       | 5,00, 5,00       |             |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| Demand                    |                      | 9,86        | 0,34, 0,56       |             |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| Remaining Demand          |                      | 0,00        | 0,00, 0,00       |             |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| Total Allocation          |                      | 9,86        | 0,34, 0,56       |             |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| Mr. Sudeer Talati         |                      |             |                  |             |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| Quality Engineer          |                      |             |                  |             |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| Demand                    |                      | 9,86        | 0,34, 0,56       |             |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
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Context Sensitive Analytics with Business Context Viewer

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### Additional Information

**Overview**

- **BP Staff (SAP Portf. and Proj. Mgmt)**
  - **Period:** Dec 2009 to Apr 2010
  - **Chart Type:** Line chart
  - **Data Series:** Z_2012_01: Product Engineer (Self Rel); Z_2012_03: Project Lead

**BP Avail (SAP Portf. and Proj. Mgmt)**

- **Avail:** Number of available resources
Strategic Demand Planning on the Pipeline of Opportunities

**Capacity Planning: Ham Flavored Cream Cheese**

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<th>Category</th>
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<tr>
<td>Development</td>
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</tr>
</tbody>
</table>

**No Messages - View Message Log**

**View - Category - Group**

<table>
<thead>
<tr>
<th>Period Displayed</th>
<th>View All Periods</th>
<th>Filters: All</th>
<th>Display All</th>
<th>Functions</th>
<th>Include SubProjects</th>
</tr>
</thead>
</table>

- **Actual Demand**
  - Marketing: 0 0 0 0 0 0
  - Production: 0 0 0 0 0 0
  - Development: 0 0 0 0 0 0
- **Planned Demand**
  - Marketing: 380 382 370 546 2,172 2,172
  - Production: 70 73 71 71 419 419
    - Manager: Select (50 50 50 50 300 300)
    - Operator: Select (5 5 5 5 26 26)
    - Operator: Select (2 2 2 2 15 15)
  - Development: 131 130 300 275 1,753 1,753
    - Product Engineer: Select (60 100 100 100 600 600)
    - Quality Engineer: Select (10 10 10 10 1 1)
    - Project Manager: Select (5 5 5 5 0 0)
    - Purchasing Agent: Select (20 20 20 20 2 2)

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Portfolio Level Demand Planning

Derive Labor Cost Plans From Capacity Plans

Transfer Demand from Portfolio to Project
Scoring Models for Quantitative and Qualitative Analysis
Questionnaires and Scoring Models

![Screenshot of a software interface with a questionnaire dialog box. The dialog box contains questions and options for scoring.](image)
Review for Quality Gate Approval Support
UI - Usage of Floorplan Manager and Launchpad Navigation

- Configurable Header fields
- Tabs configurable in Customizing (add, hide, change sequence)
- Modify field labels and captions
- Hide fields
- Set to mandatory or read-only
Forecast Date, Simulation or Snapshot are shown as shaded element.
Gantt Chart – Details and Lag

Edit project details directly from the Gantt

The Lag of the Relationship can be edited
Gantt Chart – Scheduling

Scheduling conflicts are highlighted
Gantt Chart – Dates & Limits

Set Date Range for Printing and View

Only the set Date Range is visible and will be printed
Resource Management – Resource Overview

![Project: GN NewApps MPMW 100](image)

- **No Messages** – Display Message Log
- **Structure**
- **Resources**
- **Status Reports**
- **Control Plans**
- **Project Versions**
- **Project Charter**
- **Search**

**Project Details**:
- **Start**: 10.07.2009
- **Finish**: 10.07.2009
- **Distribution Unit**: [Data]
- **Period Type**: [Data]
- **Appr.**
- **Distribution**
- **Year**: [Data]

**Resources**:
- **Total Availability**: [Data]
- **Remaining Availability**: [Data]
- **Assigned Effort**: [Data]
- **Admin**: [Data]
- **Project Member**: [Data]
- **Andreas Langenzen**: [Data]
- **Thorsten Schneider**: [Data]
Context Specific Analytics
Agenda

What is Portfolio and Project Management?

Building Blocks

Capabilities at a glance

User Interface

Myths and Challenges

Q & A
Myths and Challenges
“ERP (PS, IM) gives me all I need”

**How do PPM & IM/PS correlate?**

<table>
<thead>
<tr>
<th>ECC – IMPS</th>
<th>IM / PS: Focus on the operational management (“How”), not the optimization (“Why”)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>“Professionals” (GUI) interface</td>
</tr>
<tr>
<td></td>
<td>Operational investment processing</td>
</tr>
<tr>
<td></td>
<td>Financials only</td>
</tr>
<tr>
<td></td>
<td>SAP integration (PM, PS, AA, CO)</td>
</tr>
</tbody>
</table>

SAP Portfolio & Project Mgmt. <-> SAP IM / PS

Schedule and Resources <-> Structure and Costs <-> Budget and Costs

SAP PPM: “Do **the right projects** and investments“ versus SAP PS/IM: “Do the project right“
Further thoughts: SAP Portfolio and Project Management vs. SAP Investment Management (1)

SAP Portfolio and Project Management

- Investments are structured in a **portfolio and bucket structure** (e.g. according to business units)
- Project proposals / projects are represented by **portfolio items**
- Gives an **holistic view** on investments – financial and capacity planning, chances, risks (e.g. via freely definable key figures, questionnaires)
- **Simulation** support (what-if scenarios)
- Supports **balancing and prioritizing** the investments (e.g. via scoring models)
- Portfolio **dashboards** and **alerting** to get aware of budget overruns early
Further thoughts: SAP Portfolio and Project Management vs. SAP Investment Management (2)

SAP Investment Management

- Investments are administrated by means of investments programs (e.g. according to business units)
- Project proposals / projects are represented by appropriation requests / projects
- IM focuses on financials (budgets, planned costs, commitments, actual costs)
- Transparency due to budget releases / supplements / returns
- Strong IM/PS Information System
- Supports active availability control – already during the planning phase (e.g. during network costing or when a purchase requisition is posted)
Further thoughts: SAP Portfolio and Project Management vs. SAP Investment Management (3)

- Standard interface available
- Customer-specific interface possible
“We did not go for 4.5, Why should we go for Version 5.0?”

Why rethink? Version 5.0:
- simplifies the technology stack significantly (no java stack required any more)
- delivers all PPM capabilities with a new, easy to use and customize NW Business Client Look & Feel
- fully leverages powerful SAP principals including multiple clients in one install and gives all deployment options
- embeds early project lifecycle concept management, business context analytics, seamless integration
- further supports end-to-end process support in a “far beyond a pure project management” perspective fashion
- ENABLES ORGANIZATIONS TO REACH THE NEXT LEVEL OF PPM MATURITY TO DRIVE GROWTH

“SAP Portfolio and Project Management 5.0 is the best advanced Portfolio and Project Management solution for SAP Customers. By delivering end-to-end process support, customers instantly increase PPM efficiency and maturity. “
Thank You!
Session 2808

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Platinum Applications Consultant
PLM – Project Systems

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