SAP PPM Capacity Planning and the Organization Maturity Model #1567

John Hoover – VER 0.9
Objective

Many companies desire though struggle to implement full closed loop resource management. This presentation will provide the best capacity planning practices and how to avoid the common implementation pitfalls.
Agenda

1. Objective and Key Learning
2. Speaker and GyanSys Inc. Profile
3. SAP PPM 5.0 Overview
4. Common CIO/Executive Questions
5. Maturity Level Alignment
6. Best Practices
7. Closed-loop Resource Management in SAP PPM
8. Benefits Case
9. SAP PPM 5.0 – System Demo
10. Q&A
Learning Points

- Avoid the most common implementation mistakes where the capacity tool is more detailed and complex than the process and maturity of an organization. Problems can arise leading to the tool not being used or even decommissioned entirely; these can include:
  - User challenges with time-sheet tracking
  - Resource manager audits not available or not enforced
  - Resource and user rebellion (timesheet task level vs. project level)
  - Tools deemed invalid
  - Keeping project deliverable work packages to 80 hour increments or higher
Speaker Introductions

**Tom Martin**
PLM/PPM Practice Director

15 Years SAP Project Experience
- PPM Architect
- PLM Architect
- Project Controls expert
- Cross-industry experience

Leader in PPM Community
- Keynote Speaker
- SAP Contributor
- ASUG / Sapphire Presenter

**John Hoover PMP**
Delivery Mgr: IT Portfolio Management

20 Years of IT experience
- Data Center Operations
- Security, SAS 70 Type II
- Hosting Service Delivery
- Six Full Life Cycle SAP Projects
- 14 years SAP Project Management

PMO Organization Architect
- PMO Organization set-up
- Portfolio Process Design
- To Level 5 (ABC Costing)
GyanSys Brief Overview

Offices
Global Headquarters - Indianapolis
Other US offices - Austin, TX and Randolph, NJ.
International offices - Netherlands, Philippines & India

SAP Partnership
SAP’s National Services Partner and Run SAP Certified Ramp-Up Partner
RKT and Education Partner

ASUG/Sapphire Credentials
ASUG/Sapphire - Presented several case-studies along with customers – Bose, Allison Transmission, AMD,
Computer Associates, Eli Lilly, Stanley & Vi-Jon.

SAP Service Offerings
SAP global implementation, development, testing and maintenance services to companies in North America,
Europe, Asia Pacific and South America.

Consulting Pool
300+ consultants globally
175+ in Americas, Europe, and Asia Pacific.
125+ in Bangalore and Hyderabad, India

A trusted partner for SAP Business Suite, EPM and Analytics Services provider
with special focus on PPM/PLM/SRM/CRM/BPC/PC M/GRC/ BI/BOBJ and Xcelsius

WBE Certified since 2005
Named in Inc 500 for the last 3 years

25 active clients with 10 New client additions since 2010
GyanSys – Sample Client List

- Mead Johnson
- Allison Transmission
- Bose
- Stanley Black & Decker
- Bridgestone
- IBM
- Molex
- Hunter Douglas
- Westlake Chemical
- ABB
- National Semiconductor
- AMD
- Sigma-Tau Pharmasource, Inc.
- ConAgra Foods
- PSEG
- NIBCO
- Kimball Electronics Group
- RadiSys
- GM
- Vertellus
- SPSion
- SAP
- Vi-Jon
- Graham Packaging Company, L.P.
- Siemens
- Unilever
- Cooper Standard
GyanSys PLM Practice

**PLM**
- Engineering Change Management
- CAD Integration
- Document Management
- BOM Lifecycle
- Variant Configuration
- Enterprise Search

**PPM**
- Portfolio Management
- Project Management
- IT, Product Development, Capital Resource Management
- ECC Integration
- Portfolio Optimization

**IT PMO Scorecard**

<table>
<thead>
<tr>
<th>Scorecard</th>
<th>Capital Plan</th>
<th>Risk Score</th>
<th>Schedule / SPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project / Item 1</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Project / Item 2</td>
<td>✔️</td>
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Overview - Why SAP PPM?

• System of record/single source of the truth
• Integration to PLM, FICO, HR, W/flow
• Real-time Plan, forecast, actual comparisons

$$$

• Optimized Cross-Functional Collaboration
• UI easy entry and maintenance
Item Entry Process 1,2,3

1. Enter Item Header
2. SAVE
3. Enter Capacity planning forecast by groups required
1. Will PPM help balance project demand with resource supply?
2. Will PPM leverage my existing my SAP investment?
3. Will SAP PPM fit my company’s maturity level? (and will it help me grow?)
4. How much will it cost?
Common PMO Needs

I need to know if resources are being effectively utilized
I need system alerts that warn me of impending problems

I need to manage skills and competencies
I need one portfolio of all IT projects

I need to control project documentation
I need budget control, including actual spend analysis

I need a system that performs planning and budgeting
I need a global resource management overview

I need real-time project dashboards
I need to know which projects to prioritize

I need an application to manage my stages / gates
I need to know which projects are in trouble

I need a system where sponsors can see their project’s status
I need system alerts that warn me of impending problems

I need cost and resource integration to my SAP system
I need to know which projects to kill – before they start
## Common PMO Needs

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Maturity Level

- What maturity level is your organization?
**Take Control Of Your IT Project Portfolio**

**Phased IT Portfolio Management that allows me to mature at my own Speed!**

Eliminate spreadsheet paralysis and implement the integrated PPM Rapid Deployment Solution.

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**Basic PPM (Maturity Level 1)**
Portfolio inventory of IT projects across all departments, with status management and stage-gate control. We deliver this within **7 weeks**.

- Dedicated IT Portfolio structure and dashboard
- Up to 3 Project Types, with unique Phases
- Highly scalable

**Optimized Portfolio (Maturity Level 2)**
Optimizing the portfolio using models and Project Management best practices. Our mid-level option takes you well on your way to industry excellence in Portfolio and Project Management. We deliver this within **10 weeks**.

- Level 1 plus:
  - Questionnaires, scoring models and reviews
  - Custom dashboards, statuses
  - Basic resource management supply / demand

**Integrated Portfolio (Maturity Level 3)**
PPM integrated with financials and HR. We will deliver a fully-integrated PPM solution within **13 Weeks**

- Level 1, 2 plus:
  - Financial integration to ECC, including Internal Orders
  - Closed-loop resource management via CATS*
  - HR integration for resource creation*
Closed-loop Resource Mgmt

1. Create resource request
2. Search for resources
3. Staff resources
4. Accept or decline resource offers
5. Refine assignment
6. Monitor execution

Resource Planning within SAP PPM
**Demand Planning**

**Initiate**
- Proposal

**Analyze**
- ROM

**Plan**

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1. **C-Project Item creation**
   - **Description:** PPM
   - **Item:** IT_1637
   - **C-Project:** IT_1637
   - **Class:** CIS

2. **Demand Planning**
   - **Item:** IT_1637 PPM
   - **C-Project:** IT_1637 PPM
   - **Roles:**
     - **Demand:**
       - **M1:** 200 hrs
       - **M2:** 400 hrs
       - **M3:** 400 hrs
       - **M4:** 400 hrs
       - **M5:** 400 hrs

3. **Create required roles in c-project**
   - **Proj. Ops:** 200 hrs
   - **PLM-PPM:** 480 hrs
   - **Consulting:** 400 hrs
   - **BASIS:** 300 hrs
   - **EPIC:** 160 hrs
   - **BI:** 160 hrs

4. **Enter planned demand by role and time buckets**

<table>
<thead>
<tr>
<th>Role</th>
<th>Demand</th>
<th>M1</th>
<th>M2</th>
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<tbody>
<tr>
<td>Proj. Ops</td>
<td>200 hrs</td>
<td>40</td>
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<td>160</td>
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<tr>
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<tr>
<td>1700 hrs</td>
<td>90</td>
<td>460</td>
<td>620</td>
<td>410</td>
<td>120</td>
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Resource Assignment (Staffing)

**Description:** PPM

**Item:** IT_1637

**C-Project:** IT_1637

**Class:** CIS

### Demand Planning

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<td>90</td>
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### Staff Allocation

<table>
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<tr>
<th>Role</th>
<th>Demand: 200 hrs</th>
<th>Demand: 600 hrs</th>
<th>Demand: 160 hrs</th>
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**Resources:**

- Hans
- Brendan
- Sujatha
- Bob
- Tom
- Bill
- Krishnan
- Harvinder

4/2/2012
## Example Cost Benefits

<table>
<thead>
<tr>
<th>Opportunity</th>
<th>Available Project Spend (25% of $100M)</th>
<th>%age Opportunity Impact</th>
<th>SAP PPM Opportunity Improvement</th>
<th>Tangible Benefits Case</th>
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<tr>
<td>Reduction of Outright Failures</td>
<td>$25M</td>
<td>15% of $25M = $3.75M</td>
<td>20% (i.e. a 20% reduction in outright failures)*</td>
<td>$0.75M</td>
</tr>
<tr>
<td>Marginal Successes</td>
<td>$25M</td>
<td>51% of $25M = $12.75M</td>
<td>10% (i.e. a 10% improvement in functional, technical selection and portfolio planning)*</td>
<td>$1.275M</td>
</tr>
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**Annual realized benefits over $2M**
SAP PPM – System Demo
Best Practices

- Implement capacity planning one step at a time, build upon your foundation
- Tool Maturity can always be less than or equal to organizational process maturity though not the reverse
- Keep project deliverable work packages to 80 hour increments or higher.
Key Learning's

- Avoid the most common implementation mistakes where the capacity tool is more detailed and complex than the process and maturity of an organization. Problems can arise leading to the tool not being used or even decommissioned entirely; these can include:
  - User challenges with time-sheet tracking
  - Resource manager audits not available or not enforced
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  - Tools deemed invalid
  - Keeping project deliverable work packages to 80 hour increments or higher
Thank you for participating.

Please remember to complete and return your evaluation form following this session.

For ongoing education on this area of focus, visit the Year-Round Community page at www.asug.com/yrc
GyanSys Inc.

www.gyansys.com
317-580-4200

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