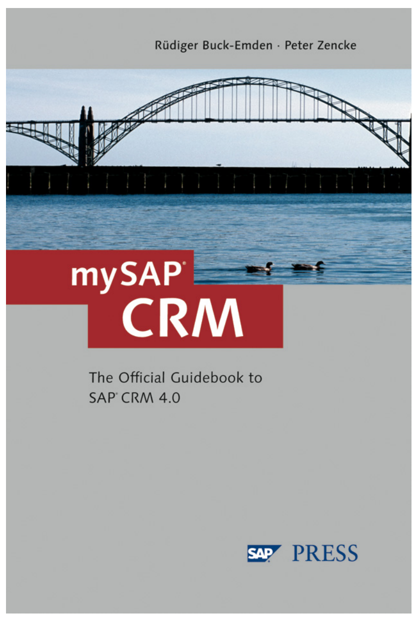
Rüdiger Buck-Emden, Peter Zencke

mySAP® CRM

The Official Guidebook to
SAP CRM 4.0



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Foreword

With the release of SAP CRM 4.0, SAP's customer relationship management solution—mySAP CRM—has been rounded off with many new functions, business scenarios, and industry-specific features, and is now available as a complete package that covers all enterprise requirements.

In addition to further extensive development, for example, for campaign management and trade promotions in marketing, SAP CRM 4.0, with its channel management capabilities, offers a completely new application for cross-company collaboration with marketing, sales, and service partners. SAP NetWeaver—the technical foundation for SAP CRM 4.0—ensures that all integration and platform requirements connected with CRM can be fulfilled.

With this book, we would like to introduce the mySAP CRM solution in its entirety, including all the new developments and innovations available with SAP CRM 4.0. After introducing you to the fundamental aspects of CRM, we present each application of mySAP CRM in detail, using examples to explain specific business situations. Additionally, we discuss the benefits of the approximately 130 business scenarios and business scenario variants delivered with mySAP CRM, as well as how to assess the profitability of investing in CRM. Because the mySAP CRM solution is based on the SAP NetWeaver integration and application platform, we have also included a detailed presentation of all aspects of the technical architecture and operation of mySAP CRM.

This book would not have been possible without the help of the many SAP colleagues who were involved in this project. We would especially like to thank the head of the CRM business unit, Dietmar Saddei, whose constant support, coupled with his great enthusiasm and many ideas, proved to be invaluable. We would also like to thank all the authors, who, in addition to their numerous daily tasks, found the time and commitment to prepare their respective contributions: Achim Appold, Gero Auhagen, Daniel Beringer, Jochen Böder, Christopher Fastabend, Tomas Gumprecht, Volker Hildebrand, Frank Israel, Fabian Kamm, Stefan Kraus, Peter Kulka, Mark Layden, Claudia Mairon, Wolfgang Ölschläger, Jörg Rosbach, Gabriele Roth, Andreas Schuh, Erik Tiden, Stein Wanvik, Thomas Weinerth, and Rainer Zinow.

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Rüdiger Buck-Emden, Peter Zencke
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1 Introduction: The Customer—The Most Important Business Partner

Dr. Peter Zencke, Member of the Executive Board, SAP AG

Today, three important factors determine the financial success of an enterprise: market-driven products, profitability, and satisfied customers. Understanding these factors as a continuous and integrated cycle—and not as areas of conflict—is the basis for a successful business strategy both now and in the future.

Customer relationship management (CRM) plays a vital role in this scenario. Continuous and efficient customer service—as well as knowledge of customer requirements—forms the basis for market success and long-term business value. If enterprises want to maintain and build on their market positions, regardless of their current financial situations, they must endeavor to improve their relationships with existing customers and work hard to acquire new customers.

It's the customer's choice—today's information society and the globalization of the economy now enable the customer to compare products and services from across the globe in detail. While the importance of products and services differs from individual to individual, the most important decision-making factors are product quality, availability, price, delivery reliability, and service.

Direct customer dialogue alone no longer ensures success: enterprises now must focus their entire organization on the demands and activities of their customers. Moreover, enterprises must constantly be able to recognize changes in customer behavior and market developments and be able to adapt their resources and business processes accordingly. Customer relationship management provides the know-how and the processes necessary to support this requirement efficiently.

Customer relationship management has long since outgrown the direct customer contact of the front office. SAP's integrated CRM approach considers the close interconnection of customer-specific processes with all aspects of enterprise management. In this way, an organization's knowledge of customer requirements and complaints can be used directly in product lifecycle management (PLM) to help provide competitive offers that are in line with market requirements at any time. The close links with supply chain management (SCM) and financial accounting provide quality of delivery and fulfillment.

However, customer requirements do not simply determine an enterprise's internal processes; they influence all business relationships. For example, e-selling platforms make collaboration easier for customers while they improve efficiency for the enterprise. Therefore, improving the exchange of information with sales partners—partner or channel management—plays a decisive role in many business areas. For example, in the automotive industry, numerous direct and indirect communication and sales channels coexist. These channels require coordination and must also deliver important customer information. The business processes, in turn, build on customer and partner knowledge and permeate the supply chain to ensure quality, performance, and profitability in procurement and logistics.

This widely used network of customer, partner, and supplier relationships as well as business processes requires an efficient technological infrastructure, which must be able to consolidate information from different sources and make this information available at the touch of a button. It must offer both security and openness to support transparent business processes across the boundaries of the organization. The infrastructure must also be flexible enough to accommodate new developments at any time, such as changes to business processes, new technology, and expansion. In this way, for example, new application architectures are making it possible to use Web services to organize processes and changes quickly and across the organization. A CRM solution must be flexible enough to incorporate such innovations in a way that allows enterprises to profit from them.

This book reflects the new findings, requirements, and trends in customer relationship management, which are implemented in the latest version of mySAP CRM. Some issues that have been the subject of public CRM discussion in recent times, such as the "new economy," are not the focus in this work. On the other hand, aspects such as integration, fundamental technologies, and collaboration across organizational boundaries have become more important.

mySAP CRM offers a very broad range of functions and uses, which are described in detail in this book—starting with the general concept of the solution, before moving on to the technological foundations, integration aspects, and functional descriptions, all of which are supported by examples and recommendations for implementation. This book is intended to help you understand customer relationship management as a vital part of business strategy and align CRM projects with business requirements so that they attain a successful outcome: competitiveness, profitability, and customer satisfaction.

Industry-Specific Scenarios	Short Description	Potential Benefits		
		Revenue	Profitability	Customer Satisfaction
Campaign Management for Media	Particular function of campaign management to support advertising measures and obtain subscribers	✓✓	✓	✓
Campaign Management for Utilities	Enhancement of campaign management with campaign execution using industry-specific communication channels (for example, marketing with bill supplement)	✓✓	✓	✓

7.3 Sales

7.3.1 Overview

The second phase of the customer interaction cycle is devoted to sales. In close coordination with *marketing, sales order processing,* and *service*, business processes in this area aim to establish and enhance business relationships with customers. The following planning, implementation, and management activities are supported by the mySAP CRM sales solution.

- Sales Planning
- Territory Management
- Account and Contact Management
- Activity Management
- Opportunity Management
- Quotation and Order Management
- Contract Management and Leasing
- Incentive and Commission Management
- Sales Analytics

Figure 7.15 shows that sales represents an individual, closed cycle within the customer interaction cycle. However, on a daily basis, the various stages of a business process rarely continue directly one after the other. Complex requirements, as well as disruptions and dependencies, frequently have to be addressed in the individual phases. Additionally, there are individual cycles within each phase which in and of themselves consist of planning, action, and analysis. Interfaces between sales management and other business areas, but also for partners and competitors, must equally be taken into account. Information and data about orders and sales prospects, and sales organizations, teams, and territories, come into play in the planning phase. At this stage, strategies are developed—possibly with the support of the marketing order—to provide the sales representative with all the necessary instruments and information required to reach a successful conclusion. After the conclusion of a contract, all contract details are recorded and can be used for analysis and evaluation. On this basis, planners and decision-makers can, for example, determine which products were successful in which regions, how often "opportunities" (see Section 7.3.6) became orders, and in which segments additional sales resources or initiatives are required.

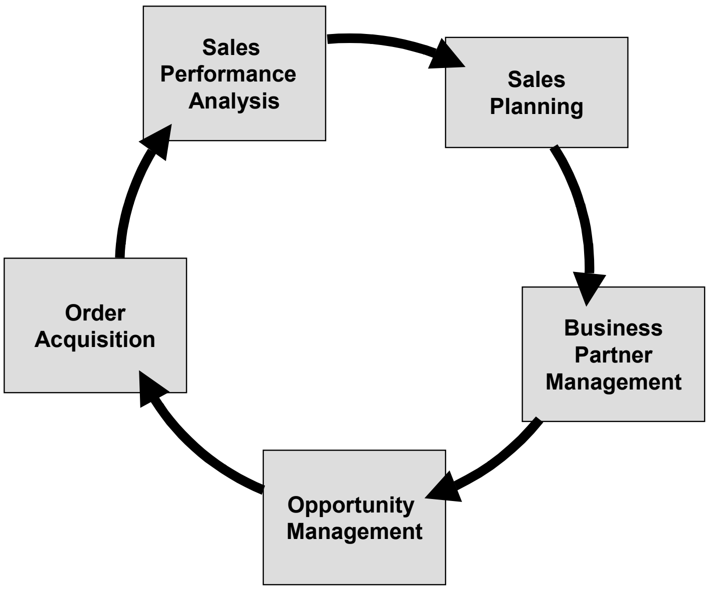

Figure 7.15 Sales in the Customer Interaction Cycle

Integration of All Interaction Channels

Sales can be successful today only if the high communication demands of potential and existing customers are met. This is true in particular for the interaction channels supported. Nowadays, almost everyone can be contacted via the Internet and mobile phones. It goes without saying that customers also expect this type of interaction from their suppliers. Furthermore, customers want to be able to choose their communication channel freely. They might, for example, place an order over the Internet today, then call up tomorrow and, in the event of making more critical decisions and dealing with higher purchase prices, expect direct contact with the field sales representative.

The greatest challenge here is the ability to change interaction channels as a process is running. For example, a customer places an order over the Internet, but calls the very next day to increase the quantity ordered. This is the moment of truth that will determine whether customer reach a reality. Does the employee in the call center have the same information as the customer? Or does the employee have to ask again for all the information that the customer entered the night before on the Internet? The call center employee who has access to all sales order data before starting the conversation can seamlessly continue the interaction that began the night before on the Internet.

In mySAP CRM, all interaction channels are integrated on the basis of a joint dataset. Every employee has access to the information required for each individual customer interaction in a consistent and complete form.

7.3.2 Sales Planning

Sales organizations can focus on customers, customer groups, and products that generate profit through effective sales planning, simulation, and forecasting, for example with regard to sales volumes, profit margins, visit frequency, and so on. This helps the sales department to make existing customers more profitable customers, and to decide which sales prospects could become potential profit-generating customers.

The following sales planning functions are available with mySAP CRM:

- Multidimensional planning with flexibly designed planning levels for strategic and operative sales targets
- Planning tasks personalized according to the area of responsibility for individual sales employees
- Comprehensive toolbox with planning methods for modifying and restructuring plans, such as top-down distribution, evaluations, simulations, and copying functions
- Integrated account planning as part of Account Management (see Section 7.3.4)
- Integrated opportunity planning as part of Opportunity Management (see Sections 7.3.6 and 7.3.7)
- Integration with other plans, such as strategy and financial planning

Planning can take place top-down or bottom-up. With top-down planning, requirements are specified right down to the smallest sales unit. In contrast, bottom-up planning condenses plan figures upward along the sales organization hierarchy. Structure information from Territory Management is used for bottom-up planning. Bottom-up and top-down planning, together with individual planning for individual customer contacts and activities, constitute the best prerequisites for lasting sales success. Sales planning is supported by sales analysis figures (see Section 12.2.6). This means that it is possible to determine, for example, which products were successful in which regions, and which customers contributed the most to profitability. On the basis of this information, you can forecast sales figures and make decisions regarding the assignment of individual sales employees.

7.3.3 Territory Management

Successful sales organizations divide up responsibilities in such a way as to win sales prospects and customers on the market with as few sales employees as possible and bind them to the company in the long term.

Organizational Model

The structure that is illustrated by the organizational model of mySAP CRM describes organizational units such as sales organization or sales office, as well as their interdependencies. All sales employees are assigned to an organizational unit in this model. If the human resources solution mySAP HR (Human Resources) is also in use and information relevant to the organization has already been collected, this information can be loaded and synchronized automatically. In this case, maintenance of this data takes place directly in mySAP HR.

Territories and Territory Hierarchies

Territory Management is a tool that can be used to structure and organize the market into individual territories according to different criteria, for example, postal codes, products, customers, customer groups, and so on.

The *Territory Hierarchy* describes the structure of territories. The following table shows an example of one way to create a hierarchy according to levels and attributes. Territories can be assigned at each level of the territory hierarchy.

Territory Hierarchy	Attribute
Level 1: Product group	Software, hardware
Level 2: Country	France, England, Germany
Level 3: Customer group	A001-A999

With reference to this example, territory '4711' could then be responsible for all business processes with the following attributes:

- Customers interested in software
- Customers based in Germany
- Customers who belong to customer group A110

While the organizational model represents the structure of sales, Territory Management portrays the market. The connecting link between the two is the *sales employee*, who, from the point of view of the organizational structure, for example, belongs to the sales office, and, from the point of view of Territory Management, is responsible for a particular sales territory.

Sales employees are not assigned directly in the organizational model, but rather by position, so that vacation and sickness coverage and staff turnover can be processed in the system as effortlessly and smoothly as possible. The position is a sort of placeholder in the organizational model for each individual employee. Every post within a company (whether occupied or unoccupied) is defined by a position.

Territory structure, territories, and assignments are time-dependent, that is, they can be planned in advance and entered in the system, but only become valid at a defined point in the future. This means that reorganizations or personnel changes can take place without hitches.

In some industries, for example, the pharmaceutical or consumer goods industries, there are standardized sales territories for which market share and sales statistics are available.

Third-party administrators calculate optimal Territory Management hierarchies and structures with the assistance of mathematical processes. Therefore, in addition to the maintenance of territory hierarchies and territories, mySAP CRM also offers an open interface so that this data can be transferred directly into Territory Management.

Territory Determination

In Territory Determination, each sales transaction (activity, opportunity, quotation, or order) is assigned to the corresponding territory. Here, there are basically two possibilities:

- The sales employee is found, and then the accompanying territory is determined
- The territory is determined, and then the sales employee assigned to that territory is found

The rules for territory determination can be flexibly defined according to each business process, which means you can automatically assign sales transactions quickly and effectively to the correct employees. As the territories themselves and their assignment to the individual business processes can be used in reporting, all types of analysis can be carried out regarding the territories (see Section 7.3.13).

Workflow Management

SAP's Workflow Management uses the data from the organizational model and Territory Management for automatic forwarding of business processes.

> A lead (potential sales opportunity) is generated by direct mailing. mySAP CRM uses the rules defined in Territory Management to determine the appropriate sales territory from the company's postal code. The appropriate telesales agent is automatically determined by the position assigned to the territory. Because an important customer is involved, an automatically generated workflow is also sent to the agent, who can then call the sales prospect in order to qualify the lead, or rather to determine whether it is a genuine sales opportunity.
>
> If the outcome is positive, mySAP CRM automatically determines the key account manager responsible for this customer. This person then receives the lead in his or her inbox, and knows that this sale must be processed with high priority. The account manager can see the last time there was contact with this customer, and what was discussed at that time, i.e., what information was already sent to the customer.

7.3.4 Account and Contact Management

mySAP CRM Account and Contact Management manages all relevant information about the customer, also in the context of cross-company cooperation.

Information about different people involved in the sales process can be managed in Account Management, including:

- Customers
- Sales prospects
- Sales partners
- Employees
- Competitors

Data is saved centrally as business partner master data. Duplicate checks ensure that each business partner is stored only once in the system, even if the business partner plays several roles in the company. The information held in master data includes address, contact person, relationships between different people, as well as credit, payment, and delivery information, and freely definable marketing attributes, for example, (according to requirements) the business partner's sales volume, number of employees, personal interests, and hobbies.

All employees have direct access to a wide range of information during their customer interactions. When, for example, a customer calls the Interaction Center, the agent can check this customer's telephone, email, and address data and update it immediately if necessary. The agent is not required to leave the on-screen working environment or inform other employees of any changes made. Individual employees can also be stored in the system alongside business partners. This provides a quick overview of employees' qualifications, knowledge, and experience, in addition to address and communication data. With the assistance of organizational management and Territory Management, the suitable employee can then be assigned to the right customers, projects, or sales activities.

Navigation in Account Management

Account Management equips sales managers with comfortable, portal-based access to the abundance of information on business partners. The following functions are available in Account Management:

- Search for and list important business partners
- Contact history with all business-partner-specific documents over the last *x* number of days (orders, quotations, activities, opportunities, complaints, and so on)
- Fast entry of activities and opportunities in Account Management
- Fast entry of contact persons in Account Management (a new business partner is generated in the background and the relationship "is contact person of" is created for the account)
- Important logistical and financial information (from SAP R/3 Enterprise or equivalent systems through defined interfaces)
- Business-partner-specific analysis

With this information, employees have immediate access to all past transactions, such as deliveries or payments. Before they call a customer to offer a new product, they therefore know that, for example, this customer has experienced delivery problems, and can prepare for the conversation accordingly.

The information presented in Account Management can be adapted to meet the information needs of a variety of employee groups. In this way, agents in the

Interaction Center receive information that is important when processing questions or problems raised by customers during calls. This means that all employees, regardless of how or where they work, are always informed about all relevant aspects of each customer's entire contact history.

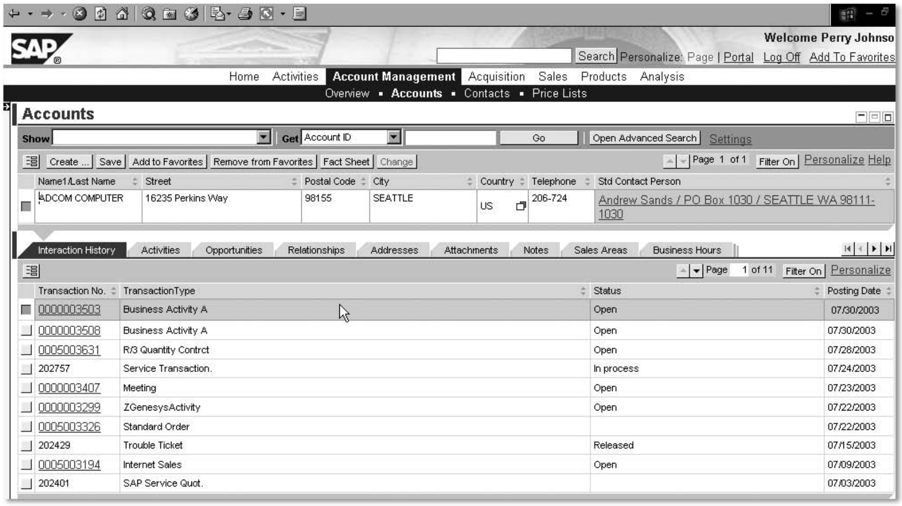

Figure 7.16 Interaction History in Account Management

Integrated Sales Planning in Account Management

In order to meet particular requirements in Account Management, SAP delivers integrated sales planning as part of Account Management.

Account managers have a good overview of the sales pipelines of their companies' products with their key customers. In many cases, the account manager and customer—for example, the buyer for a warehouse chain—give mutual consideration to the development of sales volume and sales quantity. Planned figures, historical, market, and customer data, as well as product hierarchies, prices, and campaigns, form the basis for planning. The planning layout that is integrated into Account Management for this purpose is tailored to meet the needs of the account manager.

7.3.5 Activity Management

Activity Management is not only available in sales; it is a general component of mySAP CRM that supports employees in organizing their daily work. Several interactions between companies and customers are recorded as business activities. Furthermore, employees can use the same transaction to manage both upcoming tasks and private appointments.

Typical questions that Activity Management can answer are:

- Which appointments do I have next week?
- When should I plan to visit Ms. Smith?
- Who can step in for a sick colleague in export trade?

A sales employee can, for example, view the results of a telephone call after the first customer visit. Activity Management offers the sales manager a succinct and simple overview of all activities that have occurred within a certain time frame within the department.

Activity Management consists of the following elements:

- **Calendar**
  Activities are saved as appointments in the calendars of all people involved in a given business transaction.
- **Documents for business activities**
  Documents contain information on business partner addresses, times, and dates, as well as related documents such as product information, letters to customers, and marketing brochures.
- **Results and reasons for activities**
  For the purpose of analysis, it is important to know what happened with an activity and why. Therefore, the reasons for carrying out an activity, its status, and whether it was successful can all be recorded and evaluated in that activity.

It is often necessary to be able to create and evaluate specific information in a structured manner. Two tools are available in an activity for this:

- **Activity Journal**
  Product reference often has to be recorded in an activity. In the pharmaceuticals industry, for example, drugs that have been discussed and medication tests sent to doctors are recorded. In the consumer goods industry, promotion sales prices and the number and location of listed products on the shelf are recorded. Using the Activity Journal, any number of key figures can be generated with product reference and later evaluated.
- **Survey**
  In addition to the Activity Journal with actual product reference, it is also possible to create surveys centrally and to assign corresponding activities. This, for example, allows suitable customer surveys to be managed in parallel with a marketing campaign. Then, the appropriate survey is assigned to all activities that are created as a result of the campaign (customer visits or calls). This

means, for example, that it is possible to ensure that only those customers who have actually ordered a given product are asked questions about it.

Any number of surveys can be assigned to an individual activity. This allows you to deliberately use surveys for certain interaction channels or customer groups.

All information that is gathered in a survey or using the Activity Journal can be analyzed in detail and can, for example, be drawn upon for target group definition in a marketing campaign.

Activities can be created as follow-up documents for a large range of other business transactions, which affect, for example, opportunities, leads, sales orders, or contracts. Each activity also offers a quick link to Account Management (see Section 7.3.4) with the data and history of the customer interaction.

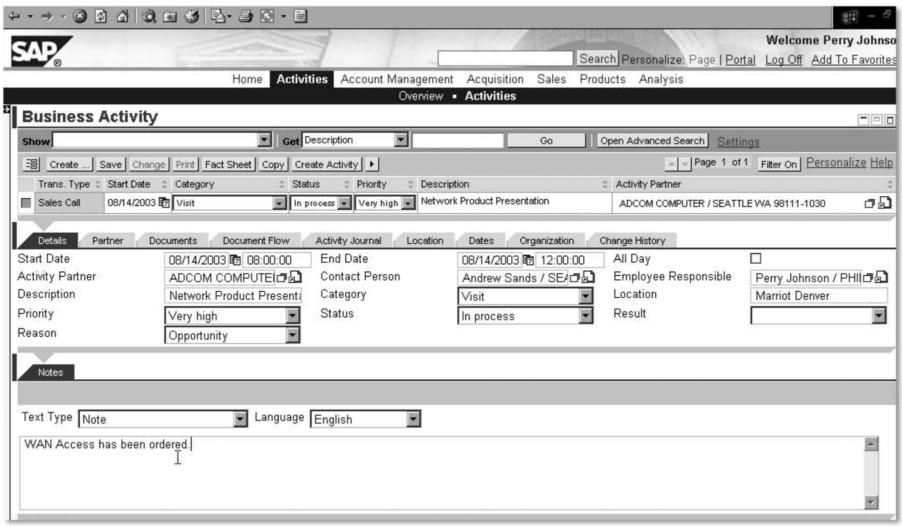

Figure 7.17 Activity in Activity Management

Working with Activities

Activities are associated with all aspects of daily sales processes. They can be created at any time in order to document an interaction with a customer. Activities appear automatically in the calendars of all employees who are entered as partners in the activity. This means that all employees involved are always kept up to date on discussions, customer visits, and results. You can also determine which employee came into contact with a certain business partner, when this contact took place, and what status the corresponding activities have for each available connection to Account Management in each activity.

Monitoring Activities

Together with other documents, activities offer a reliable history of the results achieved by employees as well as the possibility of forecasting future tasks. mySAP CRM provides reporting tools with which individual activities can be followed in detail. Two types of reports are available:

- Operative report
  This type of report delivers, for example, all open business activities for a particular business partner or all business partners that have not been contacted in the last month. The appropriate employee can call up these reports directly in the system and view them in his/her portal. In this way, the employee learns what has to be planned for the coming weeks, or where and when it is necessary to take action.
- Analytical report
  This type of report provides information regarding the amount of time it took to win a customer and the results that were achieved. Therefore, you can determine whether it was worth the effort involved in pursuing the lead. This kind of evaluation is made possible by SAP BW.

7.3.6 Opportunity Management—Overview

An opportunity is a *qualified sales chance*, or a verified chance for a company to sell a product or service. Opportunities can either be created from leads, or directly by a sales employee, for example, as a result of a trade show discussion, a sales promotion, or a bid invitation.

> A sales employee is informed by his PDA about a new, extremely interesting opportunity that must be processed immediately. He searches for the sales prospect in the Business Partner Cockpit and finds out which service, marketing, and sales activities have already taken place. Using the Internet, the sales employee quickly discovers the most important competitors. He then sends an email to request more information about the market situation from the marketing department, and stores this information as an opportunity to be pursued.

In mySAP CRM, all opportunities are comprehensively documented, including:

- Description of the sales prospect
- Description of the products and services inquired about
- Budget of the sales prospect

- Potential sales volume
- Estimated sales probability

As the sales cycle progresses, this information can be altered, confirmed, completed, and finally sent to mySAP Business Intelligence (SAP BI) for evaluation.

Opportunity Hierarchies

It is possible to set up opportunity hierarchies so that sales projects can be mapped out even more effectively. This means that for every product belonging to a sales project, a separate opportunity is created and linked to the higher-level opportunity. A considerable amount of data is transferred from the higher-level opportunity and expected sales volumes are cumulated.

For sales projects with large companies it is also possible to divide up the entire sales project, for example, according to individual sectors. In this case, the accompanying opportunities are not linked by individual products, but rather directly with one another.

The structure of the opportunity hierarchy can be as deep as required, and makes it easier for sales managers as well as for employees involved to retain the bigger picture.

Opportunity Planning

The opportunity establishes the window of time for the sales project. At the closing date, the opportunity is either won or lost. Frequently, the sales volumes of an opportunity are received in several payments over a longer period. However, a simple opportunity can only post the expected sales volume by the closing date. This would mean that the sales volume forecast could only be mapped out very roughly. Using opportunity planning, however, you can record a more exact sales volume forecast. In an opportunity-specific planning table (planning layout), all important key figures are defined and then made available in Opportunity Management.

In opportunity 4711 with closing date 10/31/2003, a sales volume of $610,000 is expected. The sales volume is spread between two products.

100 PCs	$122,000	10/31/2003
200 Laptops	$488,000	10/31/2003

Any further data that is important for the sales volume forecast can now be stored in opportunity planning. For example, some laptops are to be delivered in advance on 10/31/2003, while others should be delivered at the time of the new software's productive start, and thereafter at three-month intervals, in parallel with the rollout of the software. The 100 PCs are intended to replace old PCs independently of the project and should be delivered in batches of 25, as installation is time-consuming.

Simple planning might look something like the following table:

	11/01/2003	03/01/2004	06/01/2004	09/01/2004	12/01/2004
Laptops	$48,000	$73,000	$122,000	$122,000	$122,000
PCs		$30,000	$30,000	$30,000	$30,000

7.3.7 Opportunity Management with Structured Sales Methodology

According to analysis carried out by Swiss Infoteam Sales Process Consulting AG, the real reasons behind a great many failed sales projects lie in companies' own sales processes [Kreindler/Lutz 2002]. Frequent key problems are:

- The focus is on the wrong people; the real decision-makers are identified and contacted too late
- Resources are wasted due to insufficient project assessment and qualification
- The sales team is uncoordinated
- The solution offered lacks convincing, people-centric argumentation of the benefits, meaning the cost does not seem justified
- Instead of learning from past mistakes, excuses are made

To avoid similar problems in the sales process, mySAP CRM implements a structured sales methodology that is applied in the Sales Assistant component. With this methodology, sales projects can be managed, documented, and monitored from the very outset.

Sales Assistant

The Sales Assistant guides sales employees through a structured sales process and supports them in the planning of their activities, without restricting their freedom to make decisions. It offers an activity plan, including a checklist with recommended activities and tasks, which sales employees should carry out in each phase.

The Sales Assistant can be adjusted to meet the needs of the specific sales processes of each company. If, for example, various sales cycles are implemented—one for existing customers and one for new customers—then special activity plans can be stored for each cycle with mySAP CRM.

Sales employees can elect to view the recommended activities for each phase and copy them into their personal activity plans for the sales project. They can also use their own ideas to customize their plans.

For each activity, sales employees have tips and background information at their disposal that are based on tried and tested sales practices. A tip for the activity *First Visit At Sales Prospect* might, for example, contain key questions and subjects that should be discussed during the visit. The activity plan might note when an activity should take place, which employee is responsible for orchestrating the activity, and whether the activity has already been completed. If an activity is overdue or not yet completed, an icon is automatically displayed to remind the sales employee.

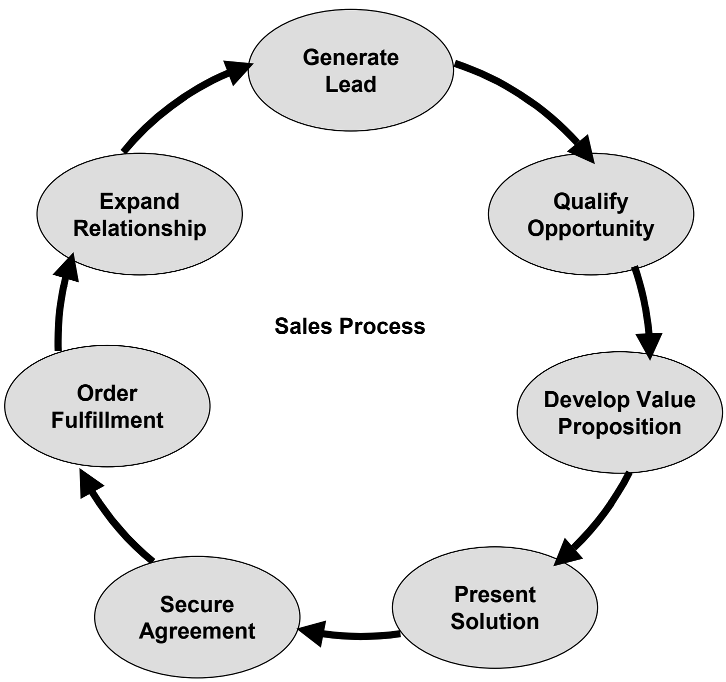

Figure 7.18 The Sales Process Supported by the Sales Assistant

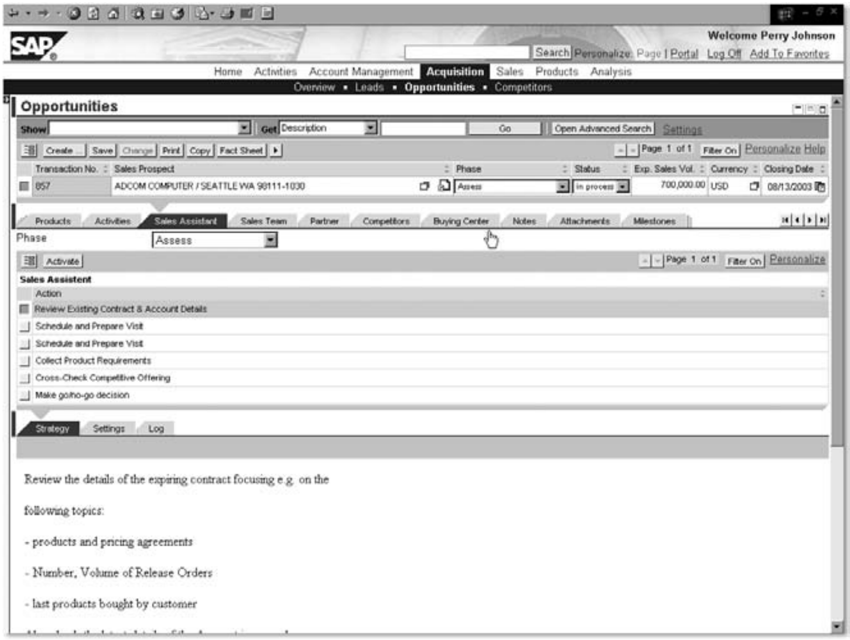

Figure 7.19 The Sales Assistant in Opportunity Management

Integration with mySAP CRM Activity Management

The personalized activity plan provided by the Sales Assistant is closely linked to mySAP CRM Activity Management. All activities from the personalized activity plan (for example, customer visits, telephone calls, emails, or discussions) can be called up and processed at any time from Activity Management. Partner data (such as customer, customer contact person, or employee responsible), remarks or notes, and other texts are automatically copied from an opportunity into an activity.

The Sales Methodology of mySAP CRM

Fundamental elements of the sales methodology of mySAP CRM are:

- Project goal description
- Buying center
- Analysis of competition
- Opportunity assessment
- Opportunity plan
- Analysis and reporting

All of these elements are described in the following sections.

Project Goal Description

In order to establish whether and how a customer can benefit from a sales offer, it is important to understand the requirements of the customer and what results are expected. Furthermore, the sales employee must clearly define short- and long-term goals vis-à-vis this customer. Goals can be defined both from customer and sales perspectives, and are then accessible to all employees involved in the sales process.

Buying Center

In order to sell successfully, the organizational structures and all important decision-makers of the customer must be known early on. Many sales projects fail because this factor is underestimated. The project buying center incorporated in mySAP CRM Opportunity Management offers support in answering questions, such as:

- Who makes the final decision at the customer end?
- Who is responsible for approving the project? How is the relationship network?
- Who benefits from the solution being offered?
- What are the key attributes for each individual involved, such as his or her opinion of the solution offered and what he or she feels can be gained from it?

mySAP CRM offers as standard a host of predefined sales categories that play a part in the sales process, namely:

- **Endorser**
  Gives the final go-ahead and can increase or decrease the budget.
- **Decision-maker**
  Recommends to the endorser which of the solutions offered to buy. This person is responsible for the success of the project and adhering to the budget.
- **User**
  Benefits from the purchase decision and judges the solution offered with respect to its use for his or her own work processes.
- **Assessor**
  Assesses other possible solutions from a technical point of view.
- **Coach**
  Offers support and guidance throughout the sales process. Furthermore, this person delivers information and pointers that are important to the success of the sale, for example, if important people have been overlooked.

Additionally, you can define further, customer-specific roles.

It is not only the people involved in the sales process who are important; the relationships between the people involved are also very significant. In order to make a successful sale, this intertwined relationship—which can go well beyond the official hierarchy—must be understood. The following relationship types are definable for the individual people in the buying center:

- Formal relationships based on the enterprise structure (person A informs person B)
- Informal relationships that depend on personal relationships and influences (person A influences person B)

Relationship types can be defined in Customizing according to the individual requirements of the company.

As soon as the primary decision-makers and their influence on the purchase decision are known, the next step should be to work out the added value that the solution offered will bring to the customer. At this stage, people often make the mistake of placing functionality in the foreground, instead of presenting the benefits in a people-centric fashion. Awareness of the following factors makes for a convincing argument in favor of the benefits:

- Importance and urgency of the project from the point of view of each person
- Personal and business-related goals and decision criteria of all people
- Knowledge of how individual people rate the solution

All known information can be stored in the opportunity description for each person so that gaps or areas where there is a need for action can be identified early on. Additionally, other appraisal factors that are important for the sales process can be defined. Risks and shortages of information can be highlighted by warning indicators. This information makes it possible to adjust sales campaigns to meet the exact needs of customers. Knowledge of business goals and decision criteria are extremely useful when, for example, creating customer-specific presentations.

Analysis of Competition

Sales employees should know their competitors, including both their strengths and weaknesses. To provide support in an actual sales project, the following information on competitors can be gathered and used in the development of a counter-strategy in Opportunity Management:

- Solutions offered by competitors
- Competitors' strategies
- A coach at the customer end, who can answer open questions relating to competitors

Opportunity Assessment

Before an enterprise goes to greater sales expense for an actual project, it must be clear on whether the expected sales volume and chance of success are justifiable given the investment required. If this matter is addressed early on in the sales process, risks can be identified in advance and, if necessary, eliminated before any investment is made in a cost-intensive sales project. Figure 7.20 shows an example of an opportunity assessment.

To calculate a sales project's chance for success, a computerized survey (the *Survey Tool*) is integrated into mySAP CRM. With this tool, you can rate questions and answers on opportunity assessment and, based on the answers of the sales employees, determine the chance for success, and thus provide a forecast of the outcome. Alternatively, the employee can also enter his or her own forecast based on a personal evaluation of the project.

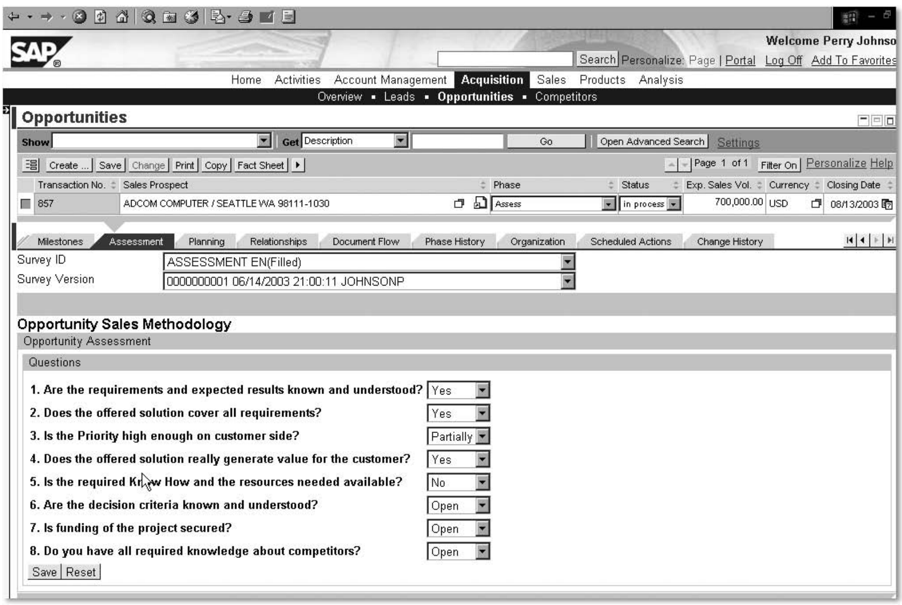

Figure 7.20 Assessment of an Opportunity

Opportunity Plan

An opportunity plan is drawn up for each opportunity. This pulls together all key information that is attained with each opportunity.

- **Project Overview**
  Expected sales volume, customer budget, chance of success, current phase in the sales cycle, closing date, sales team, project goals for customer, sales goal

- **Product Overview**
  Products, quantities, expected product value
- **Buying Center**
  The organizational chart of the customer, that is, sales prospects with key people and definitive attributes for influence, opinion, decision criteria, and personal benefits argumentation
- **Analysis of Competitors**
  Strengths, weaknesses, strategies of competitors
- **Opportunity Assessment**
  Evaluation of the chance for success with the help of sales employees and the chance for success as determined by the system
- **Activity Plan**
  Overview of all activities, employees responsible, and level of completion

The opportunity plan offers a comprehensive overview of the stage a project is currently at. It serves as a basis for presentations and discussions in internal project meetings and can be displayed, printed, or emailed at any time.

Analysis and Reporting

Opportunity Management uses SAP BW for the purpose of analysis. Here, ready-made queries are available which make it possible to gain a comprehensive overview of all opportunities, thus forming the basis of detailed sales planning and simulation. The opportunity pipeline delivers, for example, information about the current status of all opportunities and allows you to monitor short- and long-term sales volume possibilities.

7.3.8 Quotation and Order Management

The Quotation and Order Management phase in the sales process pertains to the exchange of sales documents between the vendor and the customer as soon as the customer has decided on actual sales negotiations. If an opportunity was not created beforehand, an inquiry or a quotation regarding the purchase of products or services can exist at the start of the actual negotiations. Once the conditions have been agreed upon, the quotation is copied into a customer order or contract at the end of the sales process.

Inquiries, quotations, and orders can be created using any communication channel, for example, by an agent in the Interaction Center, a sales employee at the customer, or by the customer himself or herself on the Internet. Once a customer has decided to purchase a product, all customer data is seamlessly entered in the required documents. Since all documents in a single business transaction are linked, it is possible to automatically transfer information from one document to another. In doing so, you can determine which data is copied into the other document, such as organizational data and partner functions, and the assigned business partners (for example, ship-to and bill-to party) or product and price information.

Integration with systems makes it possible to run credit and product availability checks in real time, and ensures that relevant information is forwarded to the responsible employees. Prices, taxes, and product availability checks are automatically determined from the gathered data, and displayed and saved in the business process.

The customer Mrs. Brown places an order by telephone for *x* number of a particular product. The system stores the following information: Mrs. Brown should receive a 10% discount. Once the order is taken in the Interaction Center, the system assimilates the data and automatically calculates the discount on the goods ordered by the customer.

Content of a Sales Document

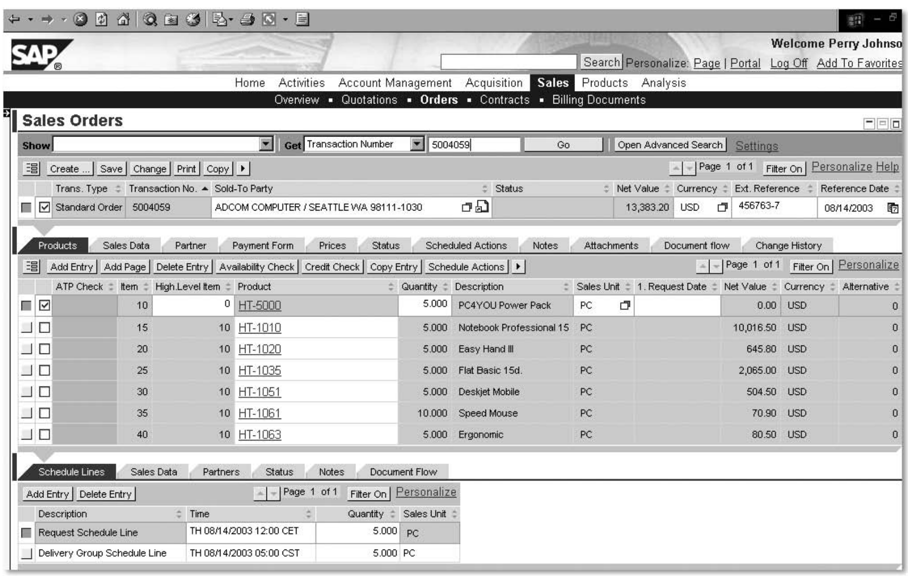

Figure 7.21 Sales Document

A sales document (inquiry, quotation, order, contract) is divided into the two following sections, which can be further broken down by tab pages:

- **Header**
  The document header contains all important data relating to the entire document, for example type (inquiry, quotation, or sales order), number, and status of the transaction. It can also contain information on the campaign through which the business transaction was originally triggered. Additionally, it is possible to determine campaign-specific pricing conditions (for example, discounts or other price reductions), or to evaluate at a later stage the number of sales orders that were won using a certain campaign. Furthermore, information on shipping, payment, and delivery conditions, as well as tax data, organizational, administrative, and partner information and texts can all be stored here.
- **Items**
  This section contains details on each individual document item, including schedules, prices, conditions, texts, order information, as well as partner, delivery, payment, and organizational data. Products can be configured at item level. The item details offer a comprehensive overview of all ordered products, their prices, and delivery conditions.

General Functions for Documents

A wide range of general functions are available for sales documents (business transactions). These general functions are listed below in the order in which they are used in the sales process:

- **Find organizational data**
  When the organizational structure of the sell-side company is stored in the system and rules for determining the responsible organizational unit have been defined, this information can be used to complete the sales documents. If, for example, a sales order is created, and the name of the customer is entered, mySAP CRM can automatically determine the responsible sales office for this customer.
- **Partner determination**
  Partner processing is used to determine which partner roles are important for which transactions, and which task is carried out by each role (for example, ship-to party, bill-to party, or contact person). It is possible to determine which partner roles should appear in a document and whether they are mandatory or optional. As soon as these settings have been made, mySAP CRM automatically enters the necessary partners into the documents. A sales order can, for example, contain a sold-to party, a contact person, and a ship-to party. The fields for entering these people automatically appear on the screen as soon as a sales document is created. When the name of the contact person is entered,

mySAP CRM determines the names of the sold-to party and ship-to party. If necessary, these fields can be changed manually.

- **Listing and assortment**
  A listing or an assortment is a combination of business partners and products that is valid in predefined scenarios for a certain time period. It can contain a list with the important products and services for a particular customer, or specify products that should not be sold to a particular customer, perhaps because the price is not suitable for this customer.
- **Product determination**
  In order to save time when entering products, product keys can be stored in the system. As soon as this key is entered in the business transaction, mySAP CRM automatically determines the desired product and completes relevant fields, such as product number and description.
- **Product configuration**
  You can get a technical view of configurable products that have many possible variants, for example, cars or machine tools. Possible product attributes such as color, equipment, special accessories, and their dependencies are stored, and the actual product is then assembled in the sales document (see also Section 7.3.9).
- **Pricing**
  The pricing function automatically calculates all relevant pricing conditions in a business transaction. Various kinds of pricing elements can be combined, for example, material prices, surcharges, or discounts. This is how gross and net prices and taxes are calculated. When required, you can use exchange rate information to convert currency. Pricing is centrally implemented in the CRM system and linked to the relevant business process so that current and reliable price information is available at all times throughout the sales process.
- **Free goods**
  In addition to the various pricing conditions, it is also possible to offer "free goods." These free goods can be either inclusive or exclusive bonus quantities of the same product or another product. Examples are:
  - When you buy 10 PCs, you pay for only nine.
  - When you buy 10 PCs, you get eleven.
  - When you buy 10 PCs, you receive a laser printer free of charge.
- **Availability check**
  The availability check offers the following services in the sales transaction:
  - Check the ability to deliver for a product.

    - Reserve products in the required quantity. This enables the sales team to make reliable promises during order entry.
    - Forward requirements to the production or purchasing departments.

  The availability check runs in *SAP Advanced Planner and Optimizer* (SAP APO) or in *SAP R/3 Enterprise*. Furthermore, there is an open interface so that you can connect to non-SAP systems. Further details on the availability check are included in Section 7.4.2.

- **Date management**
  Using date management, you can store any number of dates in documents, for example, planned and actual dates of activities, or the start, end, and validity period of a contract. Dates can also be determined according to rules, for example: "The validity period for a contract always runs for 12 months from the start date."
- **Credit check**
  The credit check allows you to reduce financial risks when a sales transaction is being processed. This check does not take place in mySAP CRM itself; rather, it is triggered by a function call in the system (see also Section 7.4.3).
- **Text management**
  In text management, transactions or objects can be described in detail, and separate notes or documents can be created and linked to the business transaction. These texts relate either to the business transaction as a whole—in which case, they are linked to the document at header level—or to a particular item.
- **Attachments**
  Additional documents—also in special formats such as presentations, product descriptions, information brochures, or hyperlinks to the Internet—can be included in a transaction as attachments at either header or item level. Each business transaction has its own list with attachments.
- **Output**
  The output format for documents can be chosen freely from the various output channels (print, fax, email). Each document contains selected information from the business transaction, such as address, ship-to party, operational data, sales texts, and order items.

All phases of order processing support EDI (Electronic Data Interchange).

Sales Documents in the Process

Managing and monitoring sales processes is made easier by the following document flow-related functions:

- Create promotions/actions
- Copy sales documents
- Display document flow
- Manage status

These functions automatically trigger entire event chains when required, and make it easier for sales employees to support their customers effectively.

Actions

Actions support the planning and triggering of the next steps in the business process as a reaction to certain conditions, and serve to automate sales and service processes. They are started automatically as soon as the corresponding conditions are fulfilled. In this way, subsequent documents can, for example, be generated automatically, or documents that have already been processed can be changed, printed, or sent by fax or email. You can define the type and schedule of actions according to the needs of your customers and your own company's processes.

You schedule actions in a document manually for a business process. Every document (business process) has a tab page called *Actions* on which the user can see which actions are planned, as well as which actions have started or ended.

Actions can be scheduled automatically by implementing a method. In the method *Create a Quotation*, for example, you can define that the system automatically generates an activity for the responsible sales employee two weeks later, so that this employee reminds the customer of the quotation by telephone and answers any questions that might have arisen.

Actions can also trigger *Workflows* for more complex processes, such as creating follow-on documents for which approval is required. It is, for example, possible to define that the system automatically sends a customer a quotation to renew a contract four weeks before the existing contract runs out. The contract should be forwarded to the responsible credit representative beforehand using *WebFlow*—SAP's workflow component—so that he or she can check whether the customer's credit status is in order.

Copy Documents and Display Document Flow

Both mySAP CRM applications and its users can copy business transactions—that is, all accompanying documents—or create subsequent documents for particular transactions. This ensures that certain information is always consistently passed on to other documents so that data only has to be entered once in the system. This saves working time and minimizes the likelihood of errors occurring.

Copying documents means that while work is being done in a given business transaction, a new transaction of the same kind and with the same header and item details can be created, such as a new order generated from the original order. In doing so, the system does not establish any reference between the two documents.

Data from one or more transaction documents can be copied using *Follow-on Business Transactions*. After the transaction type for the follow-on document has been selected, the system copies the header data. Items that are to be used can then be selected or new items can be added. The new document is linked to the original document via a *document flow*, which allows the connection between the business transactions to be displayed. For example, when an opportunity is created with two activities and a sales order is in the process of being finalized, all four documents are listed in the document flow.

mySAP CRM applications can also copy documents or generate follow-on documents themselves. This helps sales employees by creating automatic workflows that make available the required documents at the right time.

Status Management

mySAP CRM differentiates between system status and user status.

A *system status* is automatically assigned to a business transaction internally by the system. It informs you that certain business processes are complete, for example, that a new document has been created or a document contains errors.

A user status, on the other hand, is assigned manually by the user or set by customer-specific workflows (for example, "Two days remaining until quotation expires"). The user status provides certain additional information, such as still *being checked*, *to be released*, *released*, or *rejected*.

Workflows or actions can also be triggered by the status. If, for example, a contract receives the status *canceled*, an activity can automatically be created in the form of an email, which informs the sales manager of this incident.

7.3.9 Product Configuration

The increasingly common expectation of customers to have their specific demands met when they purchase a product means it is necessary to make the spectrum of products flexible, with the option to modify products to meet each customer's needs. Accordingly, the product range must be extended to include new variants, which not only take into account product modernization and market trends, but also cater to customer-specific, country-specific, and regional demands. Consequently, the potential for variation within a product range is rapidly expanding, and products are becoming faster moving and more complex. It is becoming more and more important for the various sales channels to receive the most current information about new products and their potential for being modified and combined.

- The product configurator—*SAP Internet Pricing and Configurator (SAP IPC)*—helps the user to find the most suitable product, and, due to its advisory nature, frequently supplements the product catalog and search functions available within it.
- The configurator supports the individual customer adaptation of a product by presenting the end user with the range of available product options in a dialogue, such as different air conditioning systems, colors, and engine sizes of a car, and then checks the selected product configuration against a predefined set of rules for completeness and consistency.
- Product options can be linked to corresponding increases and decreases in the base price, as well as to images with explanatory texts, which help the end user to select the required options.
- SAP IPC ensures the integration between the sale itself and order processing so that exactly what was ordered is also delivered and billed for.

With mySAP CRM, the product configurator can be used in all sales scenarios across all channels of communication. Depending on each case, either the customer configures his or her products, or the configurator supports the sales employee or sales partner when creating a quotation or order, or during the consultation discussion. In the following section, three business processes are described in detail.

Business-to-Consumer (B2C) on the Internet

In B2C retail, the customers (the end users) expect the Web shop to help them find the optimal product or service as a solution to their problems. By answering specific questions posed by the product configurator, the customer is presented with only valid product variants, options, and possible combinations.

> A doctor who buys a PC on the Internet doesn't order a standard PC; instead, she orders a complete package put together to match her requirements, consisting of a PC, monitor, printer, fax machine and paper to go with it, applications, installation, and startup in the existing local network, as well as maintenance services.

The SAP configurator determines which PC models are offered in this region with on-site installation, which hardware components the doctor needs to use the network, which printer meets her requirements, and which monitors are best suited for her PC. All options or components are accompanied by a detailed description, an illustration, and a price range for the high and low end. Even without having intimate knowledge of the product, the customer can describe relatively complex product requirements with the assistance of the product configurator. Before she sends in her complete order, she can also verify whether her requested delivery date can be met without even having to pick up the telephone.

Business-to-Business (B2B) Customer on the Internet

The business process that takes places between two companies (Business-to-Business), unlike the transaction that occurs between a business and an end user, often results in the building of a long-term business relationship. Accordingly, the customer sometimes requires the same detailed product information as does the internal employee.

A European, medium-sized producer of access control systems has given its business customers direct access to the product configurator, and in so doing, has achieved several goals; the architect currently searching online for the right access control system for a management office is pleased that the "product advisor" knows several product series in detail and can offer support in finding a solution that is technically and financially optimal. The orders created via the product configurator contain far fewer errors than orders that were previously sent in by fax. Ultimately, it becomes apparent that the capacity of the sales-oriented product specialists can be put to better use, as they are required only in particularly difficult cases.

The information advantages that the product configurator offers to professional purchasers lead to greater customer satisfaction, which, in turn, results in greater customer retention and increased sales volumes with existing customers. As customers ask the sales team fewer questions, but nevertheless make fewer mistakes when placing orders, the costs involved in order processing are reduced. A service provider for banks, which uses the SAP product configurator as a part of SAP Internet Sales, has even reported a dramatic 90% reduction of order processing costs.

Product Configuration for Sales Employees

In this case also, the first priority is to find the optimal solution for the customer, independently of whether the customer calls and deals with an Interaction Center agent, is visited by a field sales representative on site, or is advised by a sales partner. Here, the same product knowledge and consistent product information must be available throughout all sales channels.

> An office furniture manufacturer operating internationally has made the SAP product configurator available to his sales offices and sales partners as part of a CAD application, so that they can call up in detail which product options and components can be combined with one another. The product configurator also provides explanations for certain options that cannot be selected concurrently. The current configuration of office equipment with desks, shelves, cupboards, partition walls, and tables is, in this case, always represented graphically.
>
> This transparency in the product offer makes it possible for sales offices and partners to serve their customers themselves, and considerably reduces the number of queries that product experts receive per telephone or in written form. The error rate in orders taken by sales partners was drastically lowered by the introduction of the SAP product configurator, while the time required to bring new, consultation-intensive products onto the market was cut from one or two years to just a few months.

Sales employees use the product configurator to familiarize themselves more quickly with new product ranges, products, and product variations, as well as to become better qualified in offering more products and product combinations, and to become better at advising their customers.

Order Scenarios

In the area of supply, SAP has prepared various sales processing scenarios to meet different requirements. Some scenarios are aimed at make-to-order manufacturers; other scenarios are applicable to consumer goods and services.

- **Ship-to-Order/Deliver-to-Order**
  This is the scenario for simple products. Here, the configuration can be linked to a search for suitable products that can be delivered in the desired configuration (for example, from the warehouse) as soon as the order is entered. This applies to services, PCs, game consoles, clothing, cars, electric motors, pumps, and transmission systems, for example.
- **Make-to-Order**
  This is the scenario for products that must first be assembled or completed in

some other way. This is a common scenario in engineering or high-tech sectors or the automotive industry. For example, the components required for geared motors are generally prefabricated, and groups of components are preassembled at the supplier site. The completion of units for sale rarely takes place without an order, as the number of possible combinations is simply too great.

- **Engineering-to-Order (ETO)**
  Engineering-to-Order is relevant when engineering efforts are required after a sale. SAP customers from branches such as elevator and power station construction, as well as manufacturers of switchboards and carriages, work with this scenario. It is possible for a switchboard manufacturer to prepare a few variants for sales transactions. However, with a new product range, the effort required to construct all components necessary for completion of all variants would be too great. Therefore, as soon as an order is accepted, the engineering department must develop all of the required components before they can be completed and assembled.

The product data can be gathered and maintained using the component *Change Management* in mySAP Product Lifecycle Management (mySAP PLM).

All sales-relevant data, for example, product, sales-relevant options, rules, and pictures, are replicated to mySAP CRM. Later data can then be added here. Depending on the sales organization, different specifications are possible for a product. For cars, for example, this might be in the form of country-specific options packages. For Scandinavia, a winter package including snow chains, auxiliary heating, and air conditioning might form part of the offer, while in Spain a beach package with air conditioning, tinted windows, and a sunroof might be developed.

The master data required for production is transferred to mySAP Supply Chain Management (SCM). In this way, tight integration between the sale and production is ensured. For certain scenarios that don't require production processing in an SAP system, you can carry out all product maintenance in mySAP CRM. The SAP product configurator can also use configuration models that are present from SAP R/3 so that separate modeling is not required in mySAP CRM.

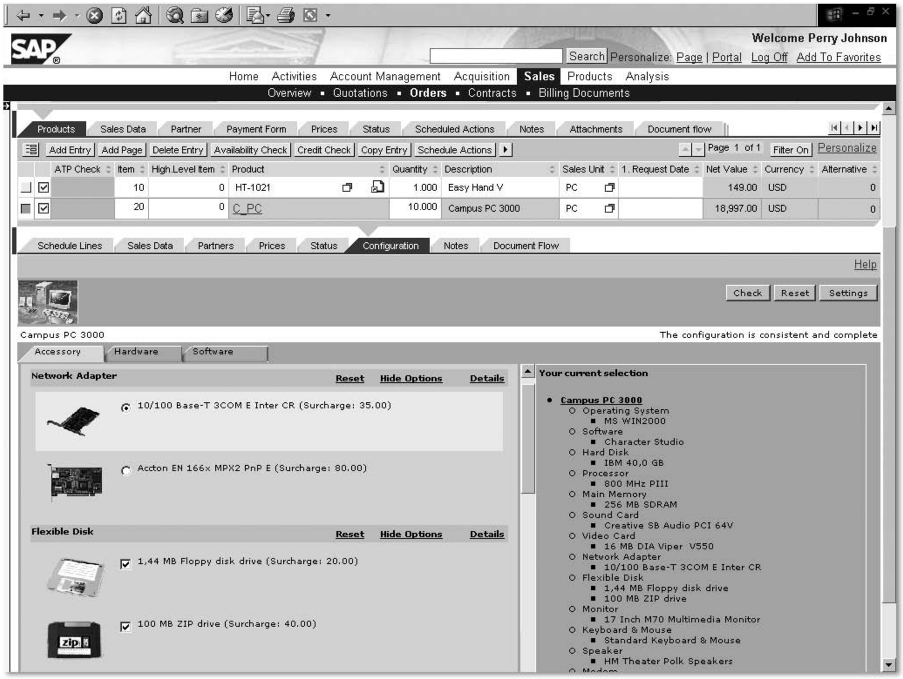

Figure 7.22 Functions of the Product Configurator

Functions and Characteristics of the Configurator

The illustrated examples of how the product configurator can be used have shown that the SAP product configurator is not limited to only certain sectors or individual product groups, but can be used for both smaller configuration requirements as well as complex tasks, for example, in the production industry or service sector. This flexibility is in large part due to the number of generic functions and characteristics that constitute the SAP product configurator:

- During the first phase of the customer contract, the configurator can record a description of the customer problem for which a solution is required. It can record this problem electronically in a standardized format and use it to determine the optimal product or solution.
- The product configurator checks whether the selection made is complete and consistent, for example, whether the service can be offered or the product can be built as requested, or whether the chosen combination of products and services is possible.
- The configurator can also explain why certain combinations are not allowed; for example, when configuring a car, you might not be able to order a CD

player and a cassette recorder because of space limitations. This function aids with customer understanding and also helps in training sales employees.

- If the customer has not filled in or checked off a required entry (for example, when ordering a PC, no processor has been selected), the configurator helps to complete the configuration using a dialogue.
- The result of a configuration can be forwarded to downstream systems through standardized interfaces so that downstream processes receive the necessary data entries for order processing.
- mySAP CRM offers an availability check so that the customer can know immediately when the requested product configuration can be delivered (see Section 7.4.2).
- The integrated pricing functionality calculates the price for the requested product variant. The total price of the product is always kept up-to-date, depending on the chosen options and on the basis of other established pricing rules (see Section 7.3.10).

7.3.10 Contract Management

Contracts are long-term agreements that permit the customer to acquire products or services on special terms that are negotiated in advance, for example, special prices. Contracts are an important tool for achieving customer retention, as they help to increase customer satisfaction and loyalty. With their help, you can learn about what customers want and how they behave. These long-term agreements are also advantageous for customers, as they enable customers to acquire goods or services under better conditions.

E-business has intensified the competitive situation between salespersons. Contract Management in mySAP CRM helps enterprises to adjust to these changes by offering a flexible and intuitive solution to create and update customer-specific agreements. The following contract types are available:

- Sales contracts
- Service contracts
- Leasing contracts

Sales contracts and customer orders are very similar. All of the functions of the customer order are also supported in sales contracts. The following sales contract types exist:

- **Quantity contract**
  An agreement that a customer acquires a certain quantity of a product within a particular time frame

- **Value contract**
  An agreement that a customer will order products for a certain value in the course of an agreed-on period
- **Combination of quantity and value contracts**

Working with Contracts

Contracts with duration and pricing conditions are generally negotiated between the sales team and the customer over a certain period of time. During the negotiations, the items in the contract retain the status *open* or in *progress*, even when the contract has already been created as a document (business transaction) in mySAP CRM, and, therefore, cannot be called up from the contract.

Only once the final contract conditions have been agreed on, can the contract be released. After this release has taken place, the customer can call up products from the contract. Authorized employees then create sales orders as follow-up documents for the contract. In this way, all relevant documents are always linked to each other. Employees can display the document flow at any time in the system, and thereby keep an overview of the number of products or the value that has already been called up from the contract.

When a customer calls up products, using his or her chosen communication channel, mySAP CRM automatically verifies whether a contract exists for this business partner. If a corresponding contract is found, the agreed-on conditions contained within in it are used as a basis for the order, and the ordered quantity or value is automatically entered in the contract. It is possible to determine if a customer can exceed the agreed-on target quantity or value, and whether the system should automatically set the status of the contract to *complete* as soon as the target quantity or value has been reached.

Special Functions and Their Use in Sales Contracts

The sales contract matches the sales order in both structure and functionality. However, sales contracts have additional attributes that are important.

- **Date Profiles and Rules**
  mySAP CRM offers date profiles and rules that are used to define and control the validity period of contracts. The most important dates in a contract are:
  - Contract start
  - Contract end
  - Contract term

You can also add your own date rules; for example, you could choose a default setting for start date and duration of contract, so that all contracts start on January 1st and must run for at least two years. This ensures that all employees pass on consistent information to customers. When an employee creates a new contract, this data is preset—the system automatically works out the contract end date. The employee can, if necessary, and if he or she has the authorization to do so, manually change the suggested values.

- **Action profiles**
  The status of contracts currently running can be followed up using action profiles. For example, you can automatically generate an activity for a certain employee reminding him or her to contact a customer whose contract is about to expire. Also, when it looks like a customer is not going to call up the agreed product quantity in time, an automatically generated activity can inform the employee responsible. This warning function helps to increase customer satisfaction, as the enterprise is seen to be taking care of its customers and ensuring that customer relationships are more actively defined.
- **Cancellation rules**
  In the event that a customer wants to cancel his or her contract, mySAP CRM offers a cancellation procedure with which different reasons and rules for a cancellation can be defined and assessed.
- **Releasable products**
  When a quantity or value contract is created, the corresponding products can be entered manually. However, mySAP CRM also offers predefined product selection, product categories, or a combination of both. This function ensures that all employees can easily work out which products can be called up by which customers.
- **Business partners with authorization to call up**
  This check is especially important when special price agreements have been made. Partners with authorization to call up are used to precisely control whether the contract is valid for this partner, and whether a discount or price markdown is to be granted for the corresponding order.
- **Agreements**
  Particular delivery and payment conditions as well as special prices and discounts can be agreed on in contracts. These agreements are automatically identified when a contract is called up.

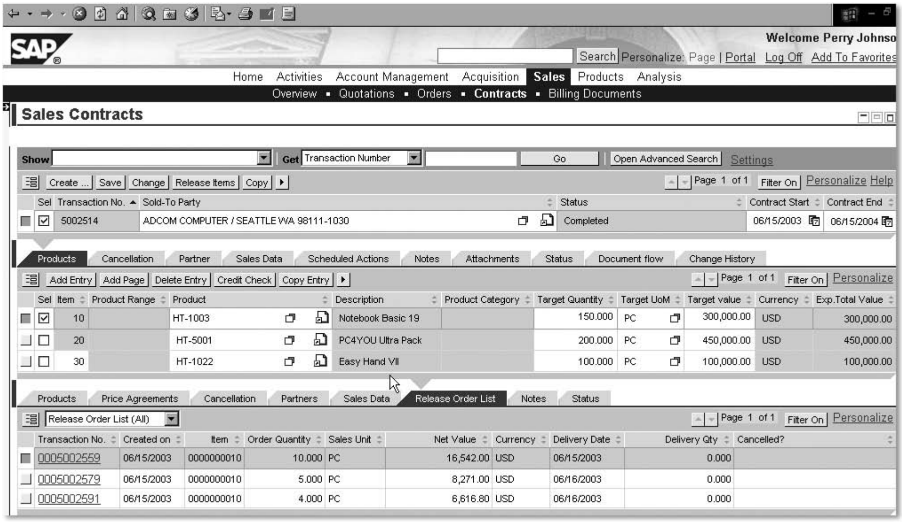

Figure 7.23 Sales Contract in Contract Management

7.3.11 Leasing

Alongside the classic suppliers of leasing and financing models, manufacturers and sales companies can also make use of financing as a means of sales promotion, regardless of whether it is leasing or a classic credit scheme paid back in installments. Furthermore, financing facilitates improved customer retention. While in a sale the process is complete after delivery and payment, in a leasing or credit arrangement, the customer is bound to the financing company for the duration of the contract. This means that additional services can be offered during the term of the contract, and customers can be won over by the same brand through the use of specific offers made at the end of the contract.

- Leasing and financing contracts must be carefully calculated in order to be profitable.
- A financing contract remains profitable only when transaction costs for the management of the contract are low over its term (usually between one and five years).
- Financing contracts and, if necessary, financed objects, must be managed in terms of bookkeeping by the financing company. This process must take place automatically in order to remain profitable.
- Customer service is a central element of a financing contract.

Financing companies can process all of their financing business using the leasing solution offered by mySAP CRM. It supports the entire contract life cycle, from initial quotation to the contract itself and management of contract changes, as well as the processing required at the end of the contract. All of the steps involved in contract management are seamlessly integrated into all required back-office processes. Every contract is transferred directly to Accounting. Rule-based software components automatically carry out classification at this stage, and thereafter take care of all necessary postings in general and subsidiary ledgers, and guarantee complete integration into Asset Accounting. Not only are several currencies supported, but the contract can also be displayed simultaneously according to different accounting principles (for example, the German HGB, the IAS, and the U.S. GAAP.

Contract Management

mySAP CRM provides the basis for the entire Contract Management part of the SAP leasing solution. Inquiries, alternative quotations, and contracts can be processed here. Flexible status management, the connection to Business Workflow, and error control, also help leasing companies to manage a multitude of quotations and contracts at low transaction costs.

The browser-based user interface for managing contracts can be integrated easily into a user's work center. Leasing and financing companies can ensure that contracts are properly processed with the help of the roles and extensive authorization concept included in the standard delivery.

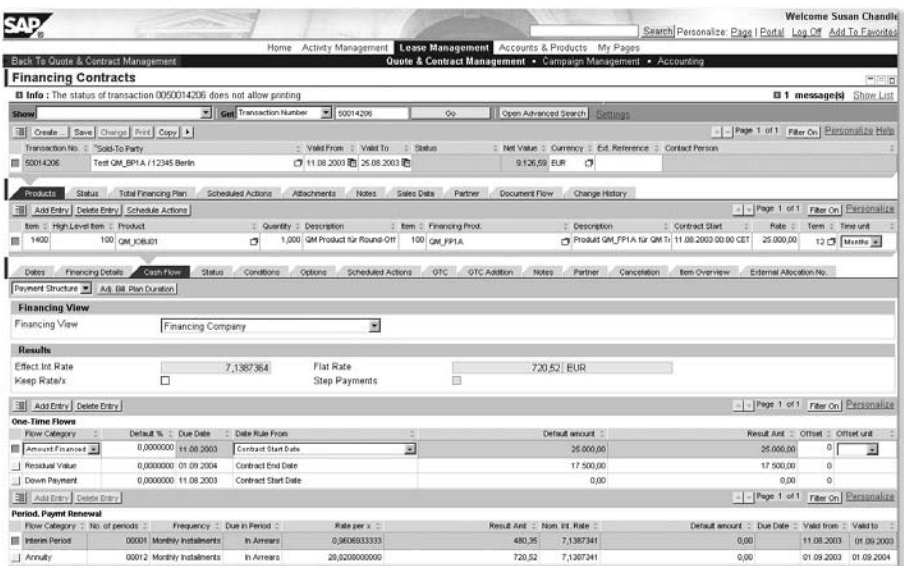

Figure 7.24 Leasing Contract

Financing Products

In addition to actual leasing products, for example, cars, various financing options are also represented within mySAP CRM. Financing products form the basis for financing quotations and contracts, and contain the essential characteristics of the financing plan rules. These products are seamlessly integrated into the product maintenance of mySAP CRM and can be structured hierarchically.

Integration in Marketing and Campaign Management

Campaigns play a central part in the financial services sector. For example, in car financing, particularly favorable financing plans may be offered on certain models for a limited time due to a sales promotion. The complete range of marketing functions offered by mySAP CRM can be used for this kind of sales-promoting leasing quotation. This means that campaigns can control the pricing agreements of individual financing plans, and that customer groups can be specifically chosen for a campaign.

Mathematical Calculation

Very effective mathematical calculation possibilities form an integral part of Contract Management that, in addition to simple leasing and financing contracts, also supports special requirements, such as seasonal repayment schedules, floating rate adjustments, and various views of the payment plan.

Automatic Classification

Leasing and financing contracts are classified automatically. This classification can be carried out in parallel according to different accounting principles. It is a prerequisite for automatic further processing of leasing contracts in the Lease Accounting Engine. Classification is also triggered and updated when changes are made to contracts.

Integration in Asset Accounting and General Ledgers

Numerous activities are linked to leasing and financing contracts in the back office so that they are represented correctly in accounting. The Lease Accounting Engine ensures that leasing contracts always run synchronously from both a customer and financing company point of view, and that all necessary postings take place automatically. For handling leasing contracts from a financing company perspective, the whole of general ledger accounting, as well as matters such as revenue realization and special depreciations, run parallel to Asset Accounting.

7.3.12 Incentive and Commission Management

Incentive and Commission Management (ICM) is an application that an enterprise can use to develop and manage complex remuneration plans, and adjust them quickly to suit economic conditions. Sales employees can track their current activities and work out potential remuneration for their opportunities. As employees can project commission amounts at any time, they are able to recognize the opportunities that will guarantee that not only their personal goals, but also those of the enterprise, are achieved.

ICM supports different commission scenarios spanning the entire enterprise, but is geared primarily for the sales process. This means, for example, that sales representatives can deduce the potential commission for a certain opportunity or a certain sales transaction using a commission simulator. Sales managers can use the valuation function to influence the actions of their sales team by, for example, offering higher rates of commission for the sale of particularly profitable products or for new sales contracts. Sales employees can make use of many functions, including:

- Commission simulation for opportunities and sales transactions
- Direct access to the commission status for sales representatives and sales managers
- Preconfigured templates for general commission scenarios
- Functions for controlling commission potential on the basis of transaction attributes such as product or customer

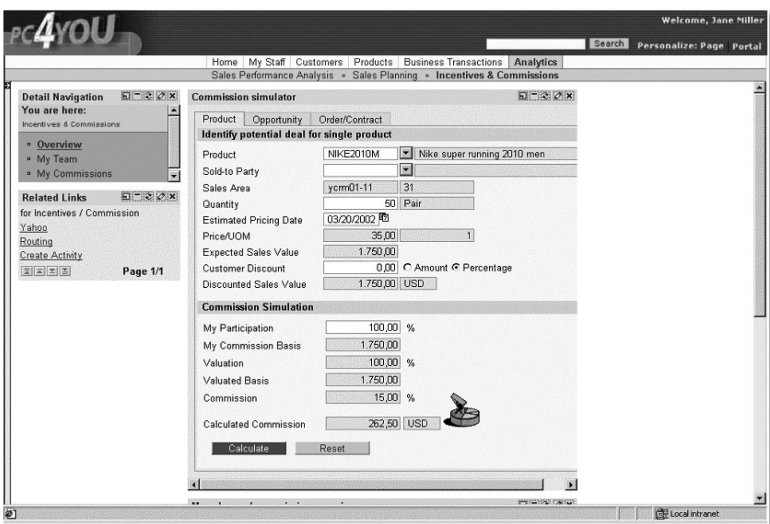

Figure 7.25 Commission Simulator

ICM supports many different commission scenarios, for example, sales commission, channel-specific incentives, and remuneration of internal employees. The scope of functionality covers the complete management of commissions and incentives. In addition to the functions aimed at sales employees, the following tools are also available:

- A tool to automatically and precisely calculate remuneration
- Tools for flexible modeling, cost simulation, and plan individualization
- Administrative functions for processing routine tasks
- Accurate cost and activity reporting

7.3.13 Sales Analytics

All data from the sales process is gathered and saved, and can be analyzed at a later stage. mySAP Business Intelligence (mySAP BI) offers flexible data warehouse functionality that can be used to determine exactly how and when data should be analyzed. This analysis can be carried out from various perspectives:

- **Operational**
  The status of current sales transactions is checked using *operational* reports. For example, you can determine how many sales orders are open, which contracts are about to run out, or whether there are any delivery delays. Furthermore, information from previous sales transactions can be used for product recommendations.

> A sales manager learns from a report which customers are buying which products. Depending on how much money a customer has spent or which type of product he or she has bought, the sales manager can decide to offer that customer an additional (*cross-selling*) or a more expensive (*up-selling*) product. The sales manager enters this information as a product proposal in a partner/product range. The next time the customer contacts a sales employee, the latter automatically receives a note to say that he or she should suggest the products to the customer.

- **Analytical**
  Using *analytical* reports, you can measure the achievements of the sales team and the success of the sales strategy.

Sales Analytics Along Hierarchies

Each user has a different perspective on data to be analyzed depending on his or her role and position within an enterprise.

- The head of the company views data from an organizational point of view.
- The product manager is interested in the success of the product groups and products that he or she oversees.
- The account manager analyzes the results along the customer hierarchy.
- Sales managers observe the sales success of the individual territories assigned to them.
- Sales representatives seek to monitor their own performance.

SAP CRM synchronizes the organizational model, product hierarchies and products, customer hierarchies and customers, territory hierarchies and territories, and all other business partners involved (employees and external partners).

Consequently, all information can be analyzed accordingly.

Funnel and Pipeline Analysis

In addition to sales analysis for activities, opportunities, quotations, orders, and contracts, mySAP CRM offers the following specific reports for cross-application analytics.

- **Sales Pipeline Analysis** (analysis of current data):
  - Detailed information on the leads (in cooperation with marketing), opportunities, and quotations that have been created, which, in turn, provide information on the sales pipeline, or the potential sales volume that can be gained from sales
  - Values for sales orders and contracts, considering the returns so that the exact total sales volume of incoming orders can be calculated
  - Comparison of the sales volume expected from an opportunity with the actual incoming order value
- **Sales Funnel Analysis** (analysis of old data):
  - Display sales documents that come either directly or indirectly from a certain opportunity, for example, display quotations and sales orders that were created as follow-up documents for an opportunity
  - Display sales orders and contracts that come either directly or indirectly from a certain quotation

Sales Performance Analysis

Sales performance analysis was developed especially for managerial positions within sales. It helps the sales manager to gain a comprehensive overview of all of the sales organization's relevant information. For this purpose, sales performance analysis from mySAP Business Intelligence offers various sales-specific analyses from all areas. It isn't limited to analysis from sales; instead, it looks at all areas of the enterprise.

Figure 7.26 Data Analysis in GIS Format: Number of Activities versus Sales Volume

Sales performance analysis is divided into the following four areas:

- ▶ **Finances**
  Pipeline analysis for opportunities and open contracts provide an overview of current and expected developments. Using sales order analysis, open and incoming order values, and therefore also the potential sales volume, can be analyzed.
- ▶ **Customers**
  ABC analysis can be used to compare and categorize different customers according to degree of importance. Furthermore, analyses can be conducted on customer value and profitability.

- **Internal Sales Processes**
  The business transactions created by the sales team can be followed up here, such as opportunity quantities, success rates, profit and loss comparisons, quotation analysis, and the connection between quotations and contracts or sales orders that are actually won.
- **Employee Development**
  Processes that relate to employees and their satisfaction are investigated here. For example, you can analyze staff turnover, the number and costs of courses and the number of participants, sick leave and overtime figures, and employee satisfaction (assessed using questionnaires).

Most of the analyses mentioned can be displayed in detail for individual sales regions with the assistance of a web-based geographical information system (GIS), which makes it possible to view information and key figures for individual regions. Most of the data used in sales performance analysis is supplied by the mySAP CRM system. You can also extract data from an SCM or HR solution and pass it on to mySAP Business Intelligence, for example, analysis of headcount and staff turnover.

7.3.14 Use Case: Using mySAP CRM in Sales Including Sales Order Processing

Perry Johnson is an employee at the company PC4YOU. Every morning, he logs on to the PC4YOU CRM portal. All important information, such as activities, upcoming customer appointments, sales volume analysis, and so on, are automatically presented to him in one view. This allows him to prioritize his many tasks and address the most important tasks first.

All current sales projects can be accessed in the opportunity pipeline. Perry Johnson is pleased to discover that many opportunities in the pipeline are already in the final phase. However, an automatic alert message in his inbox draws his attention to the fact that the opportunity with transaction number 603 at Adcom Computers should have gone into the decision phase two days ago. Perry calls up the details of this opportunity by clicking on the alert message (see Figure 7.27).

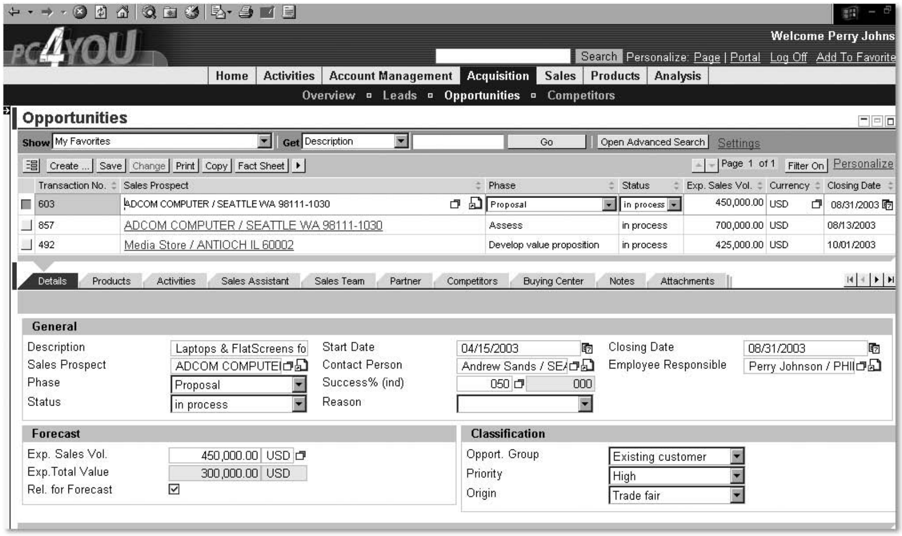

Figure 7.27 Opportunity Details

Perry immediately receives all information gathered in the last few weeks relating to this sales project. The sales probability is currently at 50%. If the order is won, PC4YOU expects a sales volume of $450,000 with a pure product value of $300,000. Perry verifies whether all important activities, including a detailed product presentation, have been finished, collects information about strengths and weaknesses of the competitors, analyzes again the project organization chart, and decides to call the key person at the customer site, Ian Brooks. After a successful telephone call, the go ahead is given to make a quotation.

Perry is successful; the quotation is persuasive. He can sell 220 items of Notebook Professional 17 (model HT-1011) with a quantity discount of $149 per item. The sales volume achieved amounts to more than $518,000, with $44,508.64 in tax and $902 in shipment costs. The determining factor for Ian Brooks is that Perry is able to provide information on the exact date of delivery at the quotation creation stage. Once the order has been accepted, Perry can directly confirm the advised date.

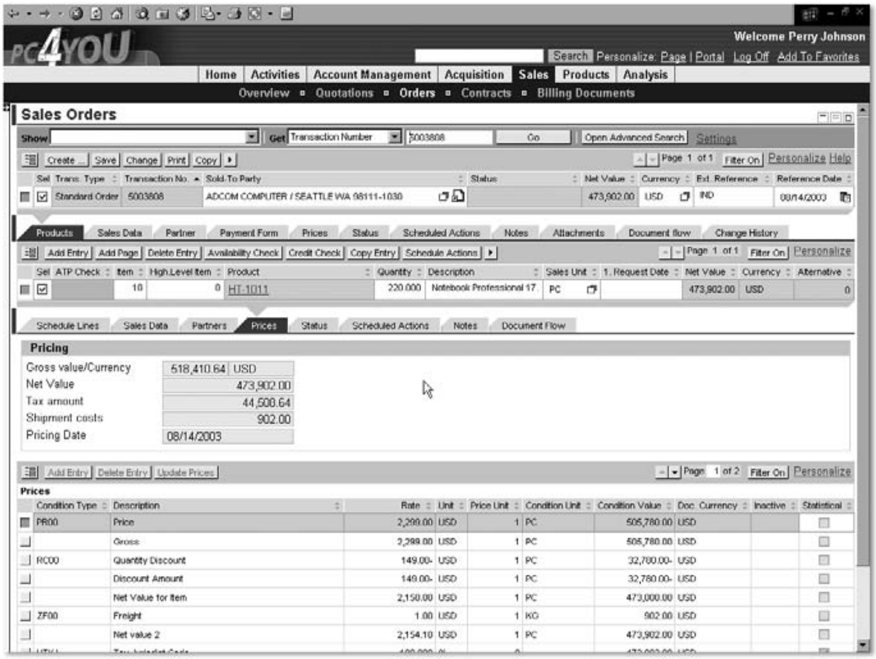

Figure 7.28 Sales Order in the Portal

A few days later, Andrew Sands, contact person at Adcom Computer for PC4YOU, calls and asks if the order quantity can still be changed. Once again, Perry can give an immediate answer. As the sales item in question has not yet been delivered, he can adjust the product quantity straight away.

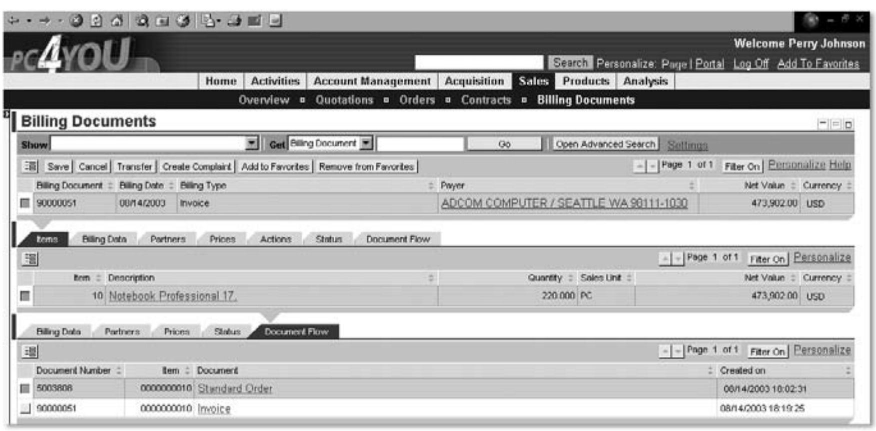

Figure 7.29 Billing Document with Reference to Order

Thanks to seamless integration with logistical sales order processing, PC4YOU is able to deliver quickly and on time. Perry can also view the invoice in his portal. He can follow up any problems concerning receipt of payment using Revenue Management.

7.3.15 Recommendations for Successful CRM Projects in Sales

It goes without saying that the focus of CRM is the customer; CRM does, after all, stand for "Customer Relationship Management." For this reason, account management forms the basis for all sales support offered by mySAP CRM across all channels. The CRM implementation project should begin with this part of the application. The next step is Activity Management, which is necessary to achieve seamless integration with the customer. Admittedly, sales employees tend to dislike CRM systems; however, they also don't like surprises when it comes to customer appointments. This is where the key to success lies in wedding mySAP CRM to sales. When customer information that is relevant to sales is not buried in the heads of individual employees or on some server somewhere, but is accessible to all people involved in the sale, information that is critical to the sale can be shared. For example, a sales representative can find out at the stage of preparing for a customer visit that the customer was on the last mailing list, has already complained, called invoice verification the day before, and so on. With this kind of transparency of information, sales employees can also, for their part, be amenable to sharing information with others instead of simply storing it in their personal organizers.

Depending on the scope of the sales cycle, early implementation of Opportunity Management offers considerably more flexibility than does Activity Management when it comes to complex sales transactions. It is worth noting that each sales employee has his or her own way of working, or his or her own "sales methodology." Why should this knowledge not be made available to all people involved? Here, the opportunity presents itself to include sales employees in the CRM project from the very outset, thus increasing acceptance of the implementation of the CRM project. It's very easy and straightforward to store their individual sales methodologies in mySAP CRM. Sharing their methodologies ensures that all employees quickly feel at home in the productive CRM system.

7.3.16 Scenario Overview and Potential Benefits

mySAP CRM supports all stages of the sales process, from the initial contact with the customer to the conclusion and fulfillment of the contract, taking all communication channels into account. The business scenarios described in the following table are included in the SAP standard delivery for use in all industries.

Cross-Industry Scenarios	Short Description	Potential Benefits		
		Turnover	Profitability	Customer Satisfaction
Quotation and Order Management	Support for the entire order process, from the inquiry and quotation through to the order, including product configuration, availability check, pricing, and integration with order processing, regardless of the communication channel used to create the order	✓✓	✓	✓
Extended Order Management	Extension of Quotation and Order Management for sales order processing in distributed and heterogeneous system landscapes with SAP and non-SAP systems It is possible to distribute order items to multiple sources, including external suppliers, and to monitor status and invoicing centrally	✓✓	✓	✓
Contract Management	Functions for creating and processing quantity and value contracts, that is, long-term customer contracts granting individual pricing and delivery conditions	✓✓	✓	✓
Leasing	Support of the leasing process, from creating quotations, managing contracts, and changing ongoing leasing agreements, through to end-of-lease transactions for return, extension, or purchase Financing products are also considered	✓✓	✓	✓
Sales Planning and Forecasting	Multidimensional planning, for example, for sales territories, product groups, and customer hierarchies, on the basis of key figures, such as sales quantities, sales volume, or customer satisfaction, with corresponding evaluation options and graphical analysis	✓	✓✓	

Cross-Industry Scenarios	Short Description	Potential Benefits		
		Turnover	Profitability	Customer Satisfaction
Opportunity Management	Accompanies the sales cycle, from identification of sales opportunities to successful conclusion One view of assigned transactions, history, appointments, progress, and responsible decision-makers	✓	✓✓	
Incentive and Commission Management	Remuneration rules for sales employees, partners, or other commission recipients	✓	✓✓	
Activity Management	Planning, executing, and managing sales activities, and organizing daily sales business to conclude sales more quickly		✓✓	✓
Territory Management	Structuring and organizing sales by dividing into territories according to arbitrary criteria such as size, distance, or revenue Hierarchical territory structuring, territory-related definition of sales goals, and assignment of sales employees to territories		✓✓	✓
Account and Contact Management	Providing all important information about customers, sales prospects, and partners for interaction history, pursuit of activities, and analysis of successful or critical business relationships	✓	✓	✓✓

The cross-industry business scenarios are complemented by further industry-specific scenarios.

Industry-Specific Scenarios	Short Description	Potential Benefits		
		Revenue	Profitability	Customer Satisfaction
Sales Management for Commercial and Industrial Customers in the Utilities Industry	Describes the sales process for commercial and industrial customers, from customer acquisition to maintenance of lasting customer relationships	✓✓		

Industry-Specific Scenarios	Short Description	Potential Benefits		
		Revenue	Profitability	Customer Satisfaction
Sales Management for Residential Customers in the Utilities Industry	Supports the sales cycle for residential customers, including service for existing customers and creating service contracts	✓✓		
Contracts and Chargeback for Pharmaceuticals	Managing contracts and prices, acceptance, inspection, and processing of returns, verification of chargeback claims, and determination of chargeback amounts	✓✓	✓	✓
Channel Sales Management for the High-Tech Industry	Functions for incorporating external partners in the sales process of the enterprise	✓✓	✓	✓
Sales Against Contract for the Oil and Gas Industry	Functions for creating and processing long-term customer contracts granting individual pricing and delivery conditions specifically for the oil and gas sector	✓✓	✓	✓
Value-Based Detailing for Pharmaceuticals	Integrated processes for marketing, sales planning, territory and activity management for developing profitable customer segments in times of changing behavior regarding prescriptions, and increasing cost pressures in the health sector	✓	✓✓	
Intellectual Property Management for Media	Offers help in managing intellectual property in rights and licenses, optimizing economic exploitation, and calculating license fees	✓	✓✓	

7.4 Sales Order Processing

7.4.1 Overview

In the past, sales success was often measured by the amount of incoming orders. For many sales representatives, their work was done when the customer had signed the order or contract. Whether the enterprise continued to do business successfully in the long term was decided only when payment was received and

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