

# Sap case report assignment essay



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BUSTER**

SAP AG established in Mannheim Germany by five former IBM employees. They establish a company called Systems, Applications and Products in Data Processing to develop standard application software for real-time business processing. The R/1, a real time financial accounting data processing system was completed a year later. It is the first of a series of SAP software design who obtains worldwide acknowledgement.

The 1980's was filled by growth and success stories for SAP. It is the decade where the companies discover its place in markets outside of Germany, in Austria. In August, the company already listed 1.2 million shares on Frankfurt and Stuttgart Stock Exchange.

SAP became the 'company of the year' according to Germany's business journal, Manager Magazine (SAP, 2007). The growth of the company continued with the birth of R/2 and R/3 systems, and other systems that provide coverage for almost all functions and sectors of an automatic corporation. It enables the company to achieve recognition in numerous new markets outside of Germany. The company continued to make adjustment of its software line according to the needs of society (SAP, 2007). 2.

**SAP Business Strategy**The strategy of SAP AG is to present cooperative customers with a business environment that is not merely adaptable and compliant but also safe and convenient. SAP AG's business software solutions facilitate customers to force modernization and allow business transform, which integrates customer and associate systems and processes with their own. SAP AG guarantees and controls their products as a connected part of the IT environment generally ("Business Environment").

The company strengths include the company's energy that is never exhausted, and they stay to crush the rivals in every market it takes their market position. In addition, the company records extensive customer databases of more than 33, 000 customers in 120 countries. The company addresses the needs of small and midsize enterprises to global organizations.

SAP solution portfolios support businesses of over than 25 industries all around the world. The company has subsidiaries in more than 50 countries and listed on several exchanges (PR News Today, 2006). Moreover, SAP is mostly known as the largest provide of business application and Enterprise Resource Planning (ERP) solution software. However, the company actually has three enterprise systems in the global software markets; they are the ERP system, the Customer Relationship Management (CRM) system and Supply Chain Management (SCM) system. Recent report even indicated that the company rank number one in all three enterprise software markets (PR News Today, 2006). The company rank first in some other software categories, for instance, the company is also rank first on the ERP software segments, including financial management systems, human capital management, and enterprise asset management and manufacturing operations.

Recently, the company achieved a great breakthrough in the enterprise asset management segment. Management of the company has stated that ERP application is the corporate flagship of SAP today (PR News Today, 2006). The company also has weaknesses. For example, one of weaknesses of SAP AG is the franchise stores have better economics.

Their per-unit costs of selling are relatively low. The franchise stores are not presenting what SAP AG recommend in terms of knowledgeable selling, but their cost per square foot and per dollar of sales are much inferior. In addition, one major store can have enough money to sell for less, because the component costs are less and they have volume buying with the main sellers. Moreover, SAP AG has not strong brand equity yet. Their advertising cannot match the competitor's, especially the strong competitor such as ARBA or ITWO.

3. Opportunities and Threats Opportunities for SAP lie on the fact that market grows in several locations. For instances, the company is constantly reported to target new markets for its solutions each year. In 2003 for instance, the company was reported to compete with Oracle in obtaining the largest share of the software solution market in China. Similar to other expansions made by both software companies, they have designed customized business solution for Chinese users. In addition, an opportunity for SAP AG is in the small business, even in home workplaces.

Nowadays, businesses present software technology as element of standard office work. This is an opportunity for SAP AG they acquired more knowledge and service about it. Additionally, the growing opportunities of the Internet or other information technology offer SAP AG another area of strength in appraisal to the major franchise stores. However, the opportunities face significant threats.

For example, in Chinese markets, software piracy is serious problems in addition to the existence of local companies that provide much cheaper

software solution. Though, SAP do not seem to mind competing with local providers as the Chinese has a strong policy of inviting foreign investment to China. We believe that the war for Asian market will continue for these software companies. 4. Problems of SAP With IT, analysts and architects of all element of the environment, SAP AG services will have more of a business meaning than what technical Web services mean in the present day. To create benefits to every global customer, SAP AG are join with some companies to work together on a next-generation solution that facilitates an programmed, entirely digital for figures (“ SAP Solutions”).

By means of it, companies cannot simply create modified figures from SAP applications, but once the figures are finished, they can also run new and updated data back into the application in a straight line. Through this new solution, customers can remove the most burdensome and time-wasting phases of conventional document processing (“ SAP Solutions”). 5.

Competition of ERP The competition of Enterprise Resource Planning (ERP) increases as companies all over the world concern about inventory control.

For the reason, they use software packages that have capability to handle inventory based on traditional inventory concepts. During this period, a new technique of Material Requirements Planning (MRP) evolved. Hence, MRP successfully demonstrated its effectiveness in following tasks such as reduction of inventory, reduction in production and delivery lead times by improving co-ordination and avoiding delays, making commitments more realistic, increased efficiency. Replacing the MRP, the capacity requirement planning (CRP) software can improve operations by taking into consideration the limited capacity and material supporting the targeted delivery, plan

production, plan material, plan capacity, and deal with changes and problems (Information Technology Toolbox, 2002). However, in recent days, the ability of the two applications, MRP and CRP, has been matured in the existence of ERP as the integrated information solution across the entire organization. To cope with demands of ERP, SAP AG offer model-driven tools over and above modeled complex applications particularly for the group of professionals, by allowing business process professionals to arrange business processes themselves, decrease the need for coding and eliminate the conventional IT accumulation, in some way by improving business to IT communication, tools and processes (SAP, 2006b) In addition, SAP AG offers a set of combination tools and technologies that facilitate intermediary retailers and customers to combine their software with SAP solutions effortlessly to widen the functionality of the main product.

SAP AG is looking to combine its tool set into a more interconnected environment where business and IT users can more generate complex applications without difficulty (SAP, 2006b) 6.

SAP Responds to

New Competition The company has a set of solutions for different issues. The

list of solutions provided by SAP is as following: § SAP's Enterprise

Application includes mySAP Business Suite, which consist of mySAP

Customer Relationship Management, mySAP ERP, mySAP Product Lifecycle

Management, mySAP Supply Chain Management and mySAP Supplier

Relationship Management § A duet between SAP and Apps Composite

Applications produces SAP x App Analytics, SAP x Apps for governance, Risk

and Compliance and SAP x Apps for Mobile Business (SAP, 2006a). 7.

SAP StructureAs mentioned above, one of SAP AG's greatest strengths are the company's energy is never exhausted, and they stay to crush the rivals in every market it takes. Positively, the products may not be the best, but remains to develop and drive the innovation solution. SAP AG has produced great value for their customer with all the innovative software productsTo support the business objective, SAP AG has a considerable amount of employee possession. In reality, SAP AG also pays many freelancers.

SAP AG's certainly employees have a more committed mind of loyalty and accountability to their employer.